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**Official Report
of Debates
(Hansard)**

Tuesday 27 October 2015

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(Hansard)**

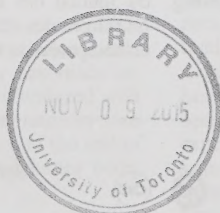
Mardi 27 octobre 2015

**Standing Committee on
Estimates**

**Ministry of Health
and Long-Term Care**

**Comité permanent des
budgets des dépenses**

**Ministère de la Santé
et des Soins de longue durée**



Chair: Cheri DiNovo
Clerk: Christopher Tyrell

Présidente : Cheri DiNovo
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 27 October 2015

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*The committee met at 0900 in room 151.*MINISTRY OF HEALTH
AND LONG-TERM CARE

The Chair (Ms. Cheri DiNovo): Good morning, everyone. If members could take their seats, I believe we have a quorum.

The committee is about to begin consideration of the estimates of the Ministry of Health and Long-Term Care for a total of 7.5 hours. As we have some new members and a new minister and ministry before the committee, I would like to remind everyone that the purpose of the estimates committee is for members of the Legislature to determine if the government is spending money appropriately, wisely and effectively in the delivery of the services intended.

I would also like to remind everyone that the estimates process has always worked well with a give-and-take approach. On one hand, members of the committee take care to keep their questions relevant to the estimates of the ministry. The ministry, for its part, demonstrates openness in providing information requested by the committee.

As Chair, I tend to allow members to ask a wide range of questions pertaining to the estimates before the committee to ensure they are confident the ministry will spend those dollars appropriately. In the past, members have asked questions about the delivery of similar programs in previous fiscal years, about the policy framework that supports a ministry approach to a problem or to service delivery, or about the competence of a ministry to spend the money wisely and effectively. However, it must be noted that the onus is on the member asking the question to make the questioning relevant to the estimates under consideration.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer.

Any questions before we start?

I'm now required to call vote 1401, which sets the review process in motion. All those in favour, please raise your hands.

Interjection.

The Chair (Ms. Cheri DiNovo): Apparently, I don't have to call a vote; we just get started. I assume you've all said yes.

We will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and up to 30 minutes by the third party. Then the minister will have 30 minutes for a reply. The remaining time will be apportioned equally amongst the three parties.

Minister, the floor is yours.

Hon. Eric Hoskins: Thank you, Madam Chair, members of the committee and members of the public. Thank you for the opportunity to speak here today. I'll be sharing my time with the Honourable Dipika Damerla, Associate Minister of Health and Long-Term Care.

It's my pleasure to appear before this committee for the first time as Minister of Health, a role in which I have the privilege of working to improve the health of Ontarians and to safeguard and strengthen the province's treasured health care system. Health care is undeniably one of the most important issues facing our government and facing all of us as Ontarians. The stakes are high and have never been higher. Our population is aging and our financial resources are finite; these are the economic and demographic realities of our times. But these challenges we can manage, together with our partners, with determination, with courage and with new ways of doing things.

I'm proud to say that over the past five years, we've already made great progress. We've become a leader in improving quality, accountability and cost effectiveness right across the health care system. We've improved sustainability and quality in our acute care hospitals, our family health teams and elements of long-term care through performance management and activity-based funding. Thanks to the extraordinary efforts of our committed health system partners, our transformation work has been improving patient outcomes and delivering better value for investments; it has been enhancing the experience of Ontarians when they use the health care system; and it has been creating value and capacity in the health care system to make it more efficient in the long term.

Delivering quality services within approved funding envelopes will always be a challenge, but we can sustain the health care system by maintaining system growth at

about 2% and by reinvesting in key areas of focus. We've achieved a great deal already with the 2012 action plan for health care in moving from a provider-focused, fragmented system to one that puts patients and people first, and increases access to quality health services while achieving better value for our investments.

The action plan for health care really laid the foundation, and now we have to deepen and broaden the achievements of the past several years. Patients First, Ontario's renewed action plan for health care, builds on the progress we've made with our valued health system and our health system partners since 2012. It puts people and patients at the centre of the system by focusing on patients' needs first. The new action plan sets out four key objectives.

Faster access to the right care: We're working to expand access to more health services and more health care providers.

Connecting services: We're working to deliver better coordinated and integrated care in the community, closer to home. This pillar is key to transforming and sustaining our health care system, and I'll have more to say on this topic later.

Informing: This means supporting patients by providing them with the resources, information and transparency that they need to make the right decisions about their health.

Finally, protecting our cherished public health care system: Making those smart decisions to ensure that our health care system remains sustainable for generations to come.

I want to take this opportunity to outline our progress on all four pillars since I first announced the renewed action plan in early February this year.

First, faster access to the right care: In recent years, the burden of disease has been shifting from infectious disease and emergencies to more chronic conditions often associated with the demographic changes that I referred to earlier. We're learning that people with complex conditions can be cared for safely in their own homes, and that means the demand for home and community services will only continue to grow.

People have told us that they want to receive care at home or as close to home as possible. This is not only better for them, but for the health care system as well. To achieve this, they will need more flexible, reliable and affordable community and home care supports.

To achieve truly integrated and coordinated patient care that better serves people's needs, we're working hard to modernize the home and community sector. To help us reach that goal, I released Patients First: A Roadmap to Strengthen Home and Community Care in May, and it lays out a 10-point plan, 10 steps that our government is taking to strengthen the home and community care sector. But we're building on a solid foundation of success.

Today, 93% of eligible home care clients are receiving their first nursing visit within five days of being accepted, and 84% of home care clients with complex

needs receive a visit from a personal support worker within the five-day target. More than 600,000 clients across this province receive services from community care access centres each year, including 6.5 million nursing visits every year and 27 million hours of personal support and homemaking services. Since 2003, we've more than doubled our funding for home care services.

Now beginning with our 2013 budget a couple of years ago, we announced that we would be increasing funding for home and community care by an average of 5% annually for three years going forward. Those increases were set to end in 2016, but I'm proud that in our most recent budget we have proposed to extend that funding increase for an additional three years, that is for fiscal years 2015-16 through to 2017-18, which represents an additional \$750 million. That increase in funding is recognition of the importance of our home and community care sector.

Now to improve the care that we provide and to improve quality measurements to reduce the variation in services and to explore more innovative models of care, we established a group of health care experts led by Gail Donner. Our expert panel's mandate was to study how to improve the quality and the value of the care provided by the home and community care sector. In January, the expert group delivered its report, entitled Bringing Care Home. The road map that I released last May outlines the actions we're taking to implement all of the report's recommendations.

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The first phase of our 10-point plan is focused on expanding service and improving access, no matter where you live in the province.

The first of the 10 points is to develop a statement of home and community care values with our system partners, with our clients and with our caregivers to guide our transformation of home and community care, with the needs of clients and their caregivers at the very centre.

(2) Working closely with our partners, our clients and caregivers, we propose to create a levels of care framework to ensure services and assessments are consistent across the province.

(3) I mentioned this earlier: We're increasing home and community care by 5% each year over the next three years, investing an additional \$750 million across the province.

(4) We've moved forward with what's known as bundled or integrated care, in which a group of providers use a single payment to cover all of the care needs of an individual patient. Building on strong local examples, such as the program developed at St. Joseph's Health System in Hamilton, we've already announced six sites and a plan to roll out this approach across the province.

(5) We will offer self-directed care. Over the next two years, we will begin to offer a self-directed care option in which clients and their caregivers are given the funds to hire their own provider or purchase services from a provider of their choice.

(6) We will expand caregiver supports. Caregivers, who may include family, friends and neighbours, are absolutely critical in the journey of individuals receiving care at home or in the community.

(7) Enhanced support for personal care workers: We intend to continue moving forward with our plan to enhance the wages of personal support workers and provide other supports to improve the stability of our PSW workforce.

(8) We will provide more nursing services. Our nurses play a critical role in home and community care to ensure that patients and clients have the supports and services that they need. Recent regulatory amendments increase the maximum amount and number of nursing visits and hours a patient may receive and allow our CCACs to exceed nursing service maximums in certain cases.

(9) We will support greater patient choice for palliative and end-of-life care. We will expand access and equity in our system, establish clear oversight and accountability, and introduce new support for caregivers.

(10) We will develop a rigorous capacity plan to ensure that high-quality, timely and appropriate home and community care is available, now and in the future.

Continuing on the subject of faster access to the right care in order to improve the capacity of the health care system: We're investing more than \$11 billion in hospital capital grants over the next decade to build adequate infrastructure capacity in the health care sector. Across Ontario, more than 40 major hospital projects are under construction or in various stages of planning. In our 2014 budget, our government announced new funding of \$300 million over 10 years to help shift care from hospitals to community settings and ensure adequate infrastructure capacity in the health care sector.

One of the greatest challenges facing our health care system when it comes to access concerns individuals in need of mental health and addictions services: not only acute care, but longer-term care and supports that revolve around the patient. That's why we are making targeted investments, like the \$138 million over three years to shift more mental health services into the community—timely, effective and responsive ongoing care, and support that treats patients as people and breaks down the barriers that those struggling with mental illness and addictions too often face.

We've already made significant progress on mental health. For the first three years of our strategy, our strategy has focused on mental health supports for children and youth. Almost 800 additional mental health workers are now providing services for children and youth across the province, in our communities, in our schools and courts. Our tele-mental health service is providing nearly 3,000 psychiatric consults this year alone to benefit children and youth in rural, remote and underserved communities.

Now, to build on that success, we have asked Susan Pigott, a leader in the field, to chair the province's Mental Health and Addictions Leadership Advisory Council. The council has cross-sector representatives who will advise

on strategy investments, promote collaboration across sectors and, importantly, report annually on the strategy's progress. I look forward to working with them to implement the next phase of this strategy.

Connecting services: By connecting patients to resources and those resources to one another, we're better able to support clients and patients. And, of course, if we want more of our system to perform as a unit, we have to change the way we pay for care. That means moving away from the current fee-for-service approach toward aligning incentives around the patient's journey, rather than the provider's activity.

I mentioned earlier our bundled care approach. It's an important part of the road map to strengthen home and community care, and is an innovative way to achieve better-integrated care. The bundled, or integrated, care model allows a team of health care providers to use a single payment to cover care for patients both in the hospital and at home, so as the patient moves throughout the system and back to their home, we know that the majority of their health care team in this model remains the same. Services are coordinated around the patient's needs, resulting, demonstrably, in fewer emergency department visits and less risk of being readmitted to hospital.

Patients in six communities already across the province now benefit from this approach that's helping them transition more smoothly out of hospital and back into their homes and their communities. We plan to support additional bundled care teams in the coming year, based on the results of these projects.

Informing Ontarians: Ontarians have a right to know how their system is performing. After all, they own it and are its most important stakeholder. That's why we continue to work in partnership with health care administrators, institutions and providers to drive accountability, transparency and quality throughout the system, while limiting expenditure growth. The road map to strengthen home and community care will play an important role in helping us improve accountability, transparency and quality in the home and community care sector.

As well, we welcome the Auditor General's insight and advice in her recent report on community care access centres.

The Chair (Ms. Cheri DiNovo): Minister, you have about five minutes left.

Hon. Eric Hoskins: Thank you. That's for my 20 minutes, is that correct?

The Chair (Ms. Cheri DiNovo): Your 30 minutes.

Hon. Eric Hoskins: The 30 minutes. Okay, thanks. I apologize to my associate minister. I don't want to cut you short.

Mr. Michael Harris: Then we get 30, and then you get 30 back.

Hon. Eric Hoskins: At the end.

This report of the Auditor General—

The Chair (Ms. Cheri DiNovo): Sorry, 13 minutes left.

Hon. Eric Hoskins: Thank you.

This report is a catalyst to deepen our plan to improve home and community care. On September 10, I sent a letter to CCAC CEOs about transparency, accountability and my expectations for them to help us improve home and community care.

The budget for physician services has been limited to a reasonable increase of 1.25% for each of the next three years, and, through health system funding reform, we are continuing to create a sustainable and accountable system that provides coordinated care to people when and where they need it.

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Lastly, protecting the health care system: We've introduced the Health Information Protection Act that, if passed, would create stronger and more comprehensive protection of health information privacy, greater accountability and transparency in the health system about privacy breaches, a renewed provincial electronic health record privacy framework and improved patient care and safety. This is in keeping with recommendations of the Quality of Care Information Protection Act Review Committee that I convened.

Ontario's Information and Privacy Commissioner also supports legislative change to strengthen privacy protections.

The proposed bill would contribute to improving the quality of care and safety of all patients. It's one more way that our government is putting patients first.

As my final point under protecting: We have consulted with Ontarians on the key skills and experiences that Ontario's first patient ombudsman should have, and the results are in. Nearly 1,000 Ontarians have provided specific input on the qualifications they think are important for this role. This feedback has been incorporated into the current patient ombudsman selection process to guide recruitment for the new position. The top three skills that Ontarians identified included: being able to investigate facts and details to reveal the sources of a problem and enable its solutions, to be able to connect with decision-makers in the health care system, and to be able to develop clear recommendations based on large amounts of complex information.

The patient ombudsman will help patients and their caregivers who have not had their concerns resolved through existing processes at hospitals, at long-term-care homes or at community care access centres. The work of the patient ombudsman will also inform province-wide health care system quality improvement.

The patient ombudsman will play an important role in providing Ontarians with the information that they need to be active participants in their care in a health care system that is sustainable for generations to come.

Thank you again for the opportunity to speak to you. Now I'll turn it over to Associate Minister Damerla to make opening remarks.

The Acting Chair (Ms. Cheri DiNovo): Associate Minister.

Hon. Dipika Damerla: Thank you, Madam Chair. Thank you, Minister Hoskins.

Members of the committee and members of the public, thank you for the opportunity to speak here today. I'd like to begin by introducing Deputy Bell, who has the enviable task of supporting both Minister Hoskins and myself. We are very honoured to have him.

I'm also honoured to appear before this committee as Associate Minister of Health, a role in which I have the pleasure of working on long-term care and wellness. As part of my mandate, I want to strengthen accountability and transparency, especially of our long-term-care-homes inspection system.

Our government's priorities in the long-term-care sector include safety, security and peace of mind for our seniors, their families and their caregivers, both formal and informal. I'm pleased to report that we've made significant progress on these priorities.

Let me start with the quality of care provided in long-term-care homes. There are approximately 78,000 residents in more than 630 long-term-care homes across Ontario, and we're determined to ensure that residents' rights, safety and quality of care are safeguarded by inspecting complaints, concerns and critical incidents.

The ministry has transformed the inspection process to achieve a more accountable, consistent and transparent compliance inspection program that focuses on risk issues and resident care outcomes. I'm very pleased to say that since the Long-Term Care Homes Act was proclaimed, the ministry has completed comprehensive resident quality inspections for all long-term-care homes in Ontario. This is a first for the province.

Every home has undergone a comprehensive inspection that includes interviews with residents and their families, as well as staff; direct observations of how care is being delivered; and a thorough review of records, such as individual care plans and progress reports.

In addition, comprehensive resident quality inspections for 2015—this is year 2—have started and the ministry is on track to complete the inspections on an annualized basis.

The ministry performs unannounced inspections, applies enforcement measures and is transparent in these actions. For example, copies of inspection reports detailing the non-compliance findings are publicly posted in long-term-care homes and on the ministry's website. I believe this practice really puts Ontario as a leading jurisdiction in Canada when it comes to transparency in the long-term-care-home sector.

Work has also started on province-wide capacity planning in long-term care. This work is absolutely critical to ensuring we have the capacity we need now and in the future.

To further strengthen the quality of care in long-term-care homes, we're providing for up to 75 new attending nurse practitioners over three years, including 30 starting this fall. Working as part of a team of health professionals, these nurse practitioners will provide on-site primary care for patients and will address the complex care needs of residents.

Long-term-care-homes redevelopment: Our government has made important investments in home care so

that more seniors can live longer in their own homes, but once it's no longer possible to remain at home, Ontarians who reside in long-term-care homes deserve to live in a comfortable, safe and inviting environment. I'm proud to say that our government has already made terrific gains in this area during the last decade with the creation of more than 10,000 new long-term-care beds and the redevelopment of nearly 13,000 older long-term-care beds. But we are not stopping here. We continue to invest, and that is why we are moving forward with the latest phase of redeveloping another 30,000 beds.

As our population ages, long-term care will continue to play a vital role in our commitment to put people and patients first. And partly because of our increased supports for home care, we are seeing an increasingly acute population—

The Chair (Ms. Cheri DiNovo): Excuse me, Associate Minister. Now it is really five minutes that you have left.

Hon. Dipika Damerla: —in our long-term-care homes. That makes it even more important that we invest today to ensure the continued safety and quality of care for residents by helping to bring all long-term-care homes in the province up to the most modern design standards. We have set a deadline of 2025 for the operators of these homes to update their homes and to meet all provincial and local building codes, safety standards and revised design standards—all meant to enhance the quality of life and safety for residents.

Our Enhanced Long-Term Care Home Renewal Strategy was noted in the July 2014 provincial budget and I announced the strategy about a year ago, last October. Since then, significant progress has been made.

First, a dedicated project office to support the program within the ministry will facilitate a faster review of plans and will be a single point of contact for operators as they submit their plans through the process.

Second, we will increase construction funding subsidies by up to \$4.73 per day.

Third, we have extended the maximum long-term-care-home licence term from 25 years to 30 years. The necessary amendments to the Ontario Long-Term Care Homes Act, 2007, have been passed to enable this, and came into force January 1 of this year.

Fourth, we established a committee to review individual requests for exemptions from the existing design standards. While we will not entertain variances that impact provincial or local health and safety regulations, operators have asked for other design flexibilities, and we will entertain those on a case-by-case basis.

Fifth, we will encourage the renewal of long-term-care-home beds to increase premiums for preferred accommodations.

Finally, we will work to schedule the redevelopment of homes.

We have consulted with the sector on these elements of our redevelopment plan and seek even further input on their implementation. It is important to note that the changes we are bringing forward are the result of signifi-

cant consultations with key stakeholders in the sector and further consultation is intended to improve delivery and content, and will encourage a greater uptake in the redevelopment process. Working closely with the sector will be a big part of ensuring success. To this end, we will have a stakeholder advisory committee to continue the ongoing engagement with the sector.

I am very committed to addressing the disparities between older and newer long-term-care homes and to working with homes to help them reach the revised standards in the appropriate timelines. Redevelopment is essential to ensuring the privacy, safety, security and comfort of all long-term-care-home residents today and well into the future.

In conclusion, I'm absolutely determined to make sure that residents and their families feel more confident and comfortable about the quality of care and safety of long-term-care homes.

0930

We are taking concrete steps to accelerate the modernization of long-term-care homes to ensure continued safety and quality of care for residents by helping to bring all long-term-care homes in the province up to current design standards.

Thank you again for the opportunity to speak to you today. Now I'd be happy to take your questions.

The Chair (Ms. Cheri DiNovo): You have a minute and a half left. Do you want to sing a song?

We're going to move to the official opposition, then. Mr. Yurek.

Mr. Jeff Yurek: Good morning, Minister, and Deputy Minister Bell. Thanks for coming in today. I guess you had no choice, but I'm glad you're here today.

Hon. Dipika Damerla: We're delighted to be here.

Mr. Jeff Yurek: I just want to start off—I've got numerous questions. Obviously, we'll be together for a while, but I wanted to take a look at doctor services and the cuts that have occurred over the last year. On October 1, you introduced a whole new round of cuts to doctor services, and we've totalled over \$815 million alone to doctor services being cut from this government.

Minister, you've said over and over that there's no cap on the services that doctors can provide and they'll be paid for every service performed, but you've budgeted a certain amount, which is essentially a cap. So I just want to know what happens if the people of Ontario require health care services this year that surpass the physician services budget?

Hon. Eric Hoskins: That's a very important question you've asked. I'll begin by emphasizing that as a result of the 2012 negotiations that ended successfully with an agreement between the government and the OMA, it was very important to the Ontario Medical Association that we jointly agree on a framework for the subsequent set of negotiations, which are the ones I think that you're referring to, that have yet to end in agreement. In fact, the OMA brought forward their vision of what a negotiating framework might look like. We agreed in 2012, in writing, to pursue that model of negotiations and negotiated,

both sides, I'm confident in good faith for a year and a day over the entire course of last year, into January of this year. Regrettably, that process which we, on the government side—we followed the agreed, written, mutually agreed upon framework of negotiations to the letter, but we were unable to reach agreement.

During the course of the negotiations, both parties, as we had previously agreed, enlisted the help and support initially of a facilitator, Dr. David Naylor, and then subsequently a conciliator, an independent third party, retired justice Warren Winkler. And it was Warren Winkler's report, which was a public report—after having reviewed the positions of both parties, after having examined the government's offer that was on the table to the OMA, after extensive consultations collectively and individually with both parties, publicly, in his report, he determined and I would characterize requested the OMA to seriously consider—which, at that point in time, had been a rejection of our offer, and he asked the OMA to reconsider that rejection. He also asked the government not to resile from our position. After having looked up that word in the dictionary, it became clear that he was asking the government not to pull back from the offer that we had put on the table during that facilitation. Regrettably, the OMA decided not to take Justice Winkler's advice and not to accept the offer that we had put forward.

So as the process allowed for explicitly, in writing—that had been mutually agreed upon by both parties—we continued to follow that framework, and it allowed for, in the absence of agreement following that entire process, which, as I mentioned, took place over the course of more than a year—as we were enabled to do, but, regrettably, had to move forward with the approach that we've taken, quite frankly to ensure the sustainability of not only the physician services envelope itself, but also the health care system at a very challenging time, and to allow us to have the confidence to invest in other areas of priority such as the ones I referred to earlier.

I would argue against any characterization of what took place as “cuts.” As I referenced in my opening remarks, the physician service budget, which is roughly between \$11 billion and \$12 billion annually—slightly more than 20% of my budget, almost roughly 10% of every dollar that this government spends in the province—that budget last year increased by 1.25%. We have allowed for a 1.25% increase in that budget this year and a 1.25% increase in the budget next year. We arrived at that level of increase, again, through substantial negotiations, through the advice that was provided to us either by Dr. Naylor or Warren Winkler, but also the evidence that shows that that would be a reasonable amount and an adequate amount to accommodate for the changing demographics in the province: an aging population and an increase in population. We continue, as we have done every year for the past decade, to increase the budget that is provided for physicians.

If I can perhaps end on a positive note—and if you've got additional questions or require clarification: Despite our great efforts to arrive at an agreement, including

putting, I think, roughly 75 proposals in front of the OMA over the course of the year asking them to work with us to find ways that we could find savings, and to do it in a way which is fair and equitable—

Mr. Jeff Yurek: Sorry, Minister; I don't mean to cut in. I have a lot of respect for the position you're in and I have a lot of respect for you taking this role. It's a tough role.

This isn't question period, where I ask a question and you give a different answer. I asked: What's going to happen when the doctors' billings go beyond that 1.25%? Could you answer that question?

Hon. Eric Hoskins: Yes. As was, again, the basis for the discussions last year and, in fact, the offer that was endorsed by Judge Winkler, we are implementing Judge Winkler's—the independent third-party conciliator, the umpire, if you will, who endorsed our plan—we are implementing his recommendations. One aspect of that was a process known as reconciliation, where we would implement measures, as we have, to give us confidence that we can have a sustainable and predictable physician services envelope of the amount that I had suggested earlier.

The changes that you referenced at the beginning—some that came in, I think, on April 1 and others more recently: October 1—those changes have the impact of slowing the growth of the physician services budget so that it is maintained, hopefully and ideally, within that 1.25% that I described. So physicians will continue to be paid for every service that they provide and every procedure that they provide; that will not change. There's no cap on any physician; there's no cap on any procedure or service. What we've done is we've implemented changes, if you will, that slow that growth curve of the budget so it comes within the 1.25% increase annually for the three-year period.

I'm hopeful—I think I'd be more hopeful if the OMA was willing to return to negotiations—that those changes will have the necessary impact.

Mr. Jeff Yurek: Minister, we've seen that the growth of health care is more than 1.25%. It's naturally growing at over 2%, easily, per year. We know that you made these cuts. I know you hate to say “a cut,” but cutting a service fee is a cut.

0940

We know the second round of cuts, October 1, was made because the growth of health care was beyond your 1.25%. And you won't let doctors know—which I think may be a good idea down the road—how close they are to reaching the cap that you have, or the budget limit, so that adjustments can be made.

After this year, do you have plans to institute more cuts to maintain your 1.25%? Because you are saying there are no more cuts this year, but you haven't said anything about the next two years going down the road. Are you planning to make more cuts if the growth in health care—which is naturally growing, considering the baby boomers have gradually started entering the health care system needing the increase in demand of services. Are you making more cuts next year and the year after?

Hon. Eric Hoskins: In answering that question, I need to remind you that we put roughly 75 proposals in front of the OMA over the course of the year of negotiations and did not receive feedback or advice from the OMA with regard to which of those roughly 75 proposals would best serve our need of a sustainable health care budget, but also would be as fair as possible to our physicians. We didn't receive that feedback. The basis of the changes that we made was in that context.

The OMA, through the course of negotiations, but also well in advance of any of the changes that we made, was made aware of the specific changes that we were proposing. They have been involved in that process. I would say that I'm reasonably confident that this process, as implemented, will lead to a sustainable budget of the nature that I describe with that 1.25% increase for that three-year period.

However, our ability to give confidence to physicians relies on the OMA returning to discussions and negotiations, and providing us with that valuable feedback with regard to existing changes that we've made and any future proposals that they might have for sustainability. I'm aggrieved by the fact that they have instead chosen a legal avenue rather than a more hopeful approach.

I want to acknowledge that they've agreed to partner with us on creating a task force for the future of physician services in this province in the context of a sustainable health care system. That is a medium-to-long-term process, but it's an extremely important one, and one of the recommendations from Warren Winkler as well.

I know that we are implementing what were the recommendations of the umpire—

Mr. Jeff Yurek: My question was: Are you planning on cutting services further to maintain your 1.25% increase over the next two years?

Hon. Eric Hoskins: I'll ask my deputy to step in.

Dr. Bob Bell: Thank you for these questions; they're fundamental. A couple of comments: First of all, we're not reducing services. For example, an orthopaedic surgeon faced with doing a total hip replacement that previously would have paid \$810 would now receive about \$26 less than that, based on the across-the-board changes that we've made to the fee schedule for a fee-for-service work done.

The other thing that we've implemented is a number of changes that are evidence based, so they're not just across—

Mr. Jeff Yurek: Sorry, Doctor, I don't mean to interrupt. My question was: Are you going to increase cuts 1.25% over the next two years?

Dr. Bob Bell: The anticipation is, with all these changes that we're instituting, both fee-for-service changes and contracts for rostered primary care physicians, as well as the evidence-based changes that really do not bring great value to Ontario patients, we're anticipating that a 1.25% budget increase year to year is feasible and achievable. Obviously, we're in the early stages of monitoring that in the second year of the agree-

ment, but evidence to date suggests that those actuals are actually tracking close to what we hope them to be.

Mr. Jeff Yurek: So why won't you, Dr. Bell, let OMA know where they're at with regard to the 1.25% so that they're able to work with you as opposed to getting a shock come next April when you institute more cuts to make up for going over budget?

Dr. Bob Bell: Actually, the OMA has access to exactly the same information that we do on a monthly basis. There is a delay in billings that results from just the process of submitting bills that really keeps us about three months behind the actual time to bill to time of receiving funding. Of course, when we're talking about a budget increase, we're talking about actuals—cash out the door—as opposed to future payments. But we're providing the OMA with exactly the same information that the ministry has.

Mr. Jeff Yurek: Thank you.

Minister, back to you: You have said time and time again in question period and to the media that doctors have received a 61% raise since 2003. Is it really a raise for doctors or is the 61% raise actually to the doctor services budget?

Hon. Eric Hoskins: That is a figure that is based on data and research and analysis by ICES here in Ontario. Those are payments by government to physicians—so that's not the envelope. That is a change in the average payment to a full-time physician, and I think the period is either over the last decade or since 2003. It's based on the change of the average compensation by government to a physician at that time compared to today or their most recent data, which would likely be 2013-14. But it is physician-based as opposed to the envelope.

Mr. Jeff Yurek: So that \$13-billion payment for services, that's strictly just for doctors. It's not for nurse practitioners, or does it go to the family health teams to distribute to pay for services in the family health team?

Dr. Bob Bell: The physician services budget element of the OHIP vote is about an \$11.7-billion budget. There are other elements in that vote that relate to, as you've described, payments to non-physician health care workers who work within family health teams, some funding for independent health facilities. There are some other elements that make up that roughly \$13-billion vote.

Hon. Eric Hoskins: If you'll allow me to add, I have the data before me—this is the ICES data that I mentioned. In 2003-04, on average, a physician was compensated by government at \$220,000. In 2013-14, that estimate is \$355,000, and that represents a 61% increase.

Mr. Jeff Yurek: So you're saying \$11.5 billion—because you've been talking about the funding envelope to the media and to me in question period. So out of that \$13 billion, \$11.5 billion is the doctor services.

Now in your estimates book here on page 35 you mention that there are 5,648 new doctors in the system in the last decade. If you equate an average of a \$350,000 payment to the doctor to provide his services, that's about \$2 billion or 15% of the \$13 billion, which would be more out of the \$11 billion if you really looked at it.

Do you not think that it's disingenuous to be telling the media and question period that doctors got a 61% raise when actually there are other doctors in the system? It makes it sound like each doctor got a 61% raise when actually we've added more doctors into the system which kind of increases the pot as it grows?

Hon. Eric Hoskins: I appreciate the question, but the data from ICES is an average per physician. So it takes into account the expanding workforce. When we look at our family physicians, for example, on average compensation from the government to a family doctor in 2003-04 was \$189,000. So a family doctor, on average, was compensated at that level, and in 2013-14 that had risen to \$319,000. That's a 69% increase in the compensation from government for family doctors to the point where our physicians, generally speaking, are the best paid and highest paid in Canada. That analysis actually takes into account—because it's a per-physician average—any increase in the workforce.

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Dr. Bob Bell: It's also supported by a third-party report from the Canadian Institute for Health Information that reports that Ontario physicians receive, on average, \$358,000—

Hon. Eric Hoskins: Sixty.

Dr. Bob Bell: —\$368,000—thank you, Minister—and, of course, are the highest paid in the country.

Mr. Jeff Yurek: Now, wouldn't you at least concede the fact that that amount going to doctors would naturally increase due to higher demand and the number of seniors entering the population, the fact that we have 5,000 more doctors in the system taking up more patients, so more patients are utilizing our health care system? Would you not say that that's just because the doctors are providing more services and why the fee services have gone up?

Hon. Eric Hoskins: Again, we're looking at the compensation per physician. So the envelope as a whole has increased over that time frame as well, but also the average compensation per physician.

Mr. Jeff Yurek: Which is directly to my point: Each physician is providing more services.

Hon. Eric Hoskins: The evidence demonstrates that, notwithstanding that comment, that the increase per physician is substantial.

But let me say, and I think it's important to say, that I'm enormously proud of the fact that our government—particularly after a previous government had not provided a respectful level of compensation—that we've spent the past decade investing in our physicians to the point where they are the best paid in Canada. I'm actually enormously proud of that. I think that they should be well-compensated; they're among the best in the world. What I've stated publicly, is simply the fact that the level of compensation as provided by government to a physician in this province, on average, has increased by that amount as a percentage, to the point where they are the best remunerated in the country.

Also, I've stated regularly, I think without exception—perhaps I haven't always been quoted as such. When I

discuss those figures, I make it clear that there are expenses and overhead costs that physicians incur on a day-to-day basis to run their practice. There's tremendous variability or variation in what that percentage might be, but I acknowledge that there are expenses that need to be paid by those physicians out of that remuneration.

Mr. Jeff Yurek: That would be out of the \$300,000 that you're—

Hon. Eric Hoskins: The average, as CIHI has suggested, is \$368,000.

Mr. Jeff Yurek: So they have to take overhead on that.

Hon. Eric Hoskins: But there's a tremendous variability. For example, if you're a physician in a hospital in an ER, you may have an overhead of 0%.

Mr. Jeff Yurek: So out of a National Physician Survey doc: Ontario has the second-highest number of doctors who pay 30% or more of their income towards overhead costs to operate their practice.

Hon. Eric Hoskins: I was going to say that we've also made other important changes—again, I'm proud of these changes—to benefit our physicians. We've allowed them to incorporate, where the estimated lifetime advantage to a physician of incorporation may be as high as \$3 million.

Mr. Jeff Yurek: Yes, but 30% or more in overhead costs is not going to be balanced out by being incorporated.

Hon. Eric Hoskins: It's estimated as as much as a \$3-million lifetime advantage, as well as income splitting—that physicians have other opportunities as well. We're talking about one aspect: the government funding—

Mr. Jeff Yurek: Do you have any data showing that with the higher overhead, that they're the second-highest paid in Ontario—and taking into account where they stand as your assertion that they're the highest paid? Have you taken into account the overhead costs to see where they range across the country?

Hon. Eric Hoskins: We look at a number of factors when viewing the level of compensation of our physicians, but I think, as I mentioned, there's tremendous variation. Any physician would tell you that there's tremendous variation from physician to physician; depending on the nature of the practice; depending on whether they're in, for example, a family health team or in private practice; depending on whether they have a group practice where they're able to share backroom costs, certain administrative and other costs; or, as I referenced, if you're working in a hospital environment, your overhead may be 0%.

I acknowledge that there is a significant cost to the practice of medicine, but as I mentioned, we've invested significantly in our physicians to the point where, over the last decade, roughly, our family doctors are earning—as they should—69% more than they were on average in 2003. I guess that is over a 10-year period, in fact to 2013-14. All physicians, on average, are at 61%. That's not our data; that's data that comes through an analysis from ICES.

The Chair (Ms. Cheri DiNovo): Mr. Yurek, you have about five minutes left.

Mr. Jeff Yurek: You state the doctors are earning some-odd \$360,000 a year. However, they are businesses, and you can't look at a business owner and say their gross amount is what they're actually earning when it comes to costs to run their business, and doctors are small businesses. Do you not think it's not fair to take the doctors on the fact that you're saying they are making actually what their business is grossing?

Hon. Eric Hoskins: I've never said that. With regard to government compensation to physicians, the understanding is, as I've articulated this morning, that there are expenses to doing business. But over the course of the negotiations last year, we spent considerable and focused time with the OMA discussing this precise issue in terms of cost of practice.

Again, our hope would have been that we would have been able to reach an agreement with the OMA in terms of the nature of any changes that we would be making to make a sustainable physician services envelope. But I think, as well, what you're pointing to emphasizes the importance of one of Warren Winkler's recommendations, the creation of the task force for the future of physician services to look not only at compensation but sustainability as well, and the role of physicians within the broader health care system and how we can support them to do the best possible job.

Just over a week ago, I proposed again to the OMA—we have done this several times—that they participate with us on that task force, and I was gratified to see that they have finally agreed to participate.

Mr. Jeff Yurek: Will you stand by the statement that Ontario doctors' net income is the highest in the country?

Hon. Eric Hoskins: Look, I think you're trying to drive me down a road that I've never travelled. I've always been, and have expressed this, proud of the investments that this Liberal government has made over the last decade or so in our front-line health care workers, in this case, our physicians. We reversed a situation where physicians, quite frankly, were leaving this province in significant numbers, heading to the US and elsewhere, because of decisions that were made by a previous government. We made the decision early on to invest in our physicians, in which we have invested, and third parties have validated the extent of that investment.

I've never suggested or stated that there isn't overhead and other expenses associated with the cost of doing business. I know that as a physician myself. But the facts do demonstrate that, on average, our physicians have seen a 61% increase in their compensation from government. So I'm hopeful.

Certainly this process going forward would be much easier if the OMA would agree to resume negotiations with us and sit down and have these discussions with us. I think that there's one hopeful aspect, which is the OMA's agreement, finally, after considerable months, to agree to partner with us on the creation of a task force for the future of physician services, which will enable both

parties, on behalf of Ontarians, the health care sector and our physicians themselves, to find those ways and look at other models that we can best support our physicians in the context of a sustainable health care system.

Mr. Jeff Yurek: How much time do I have?

The Chair (Ms. Cheri DiNovo): About a minute and a half.

Mr. Jeff Yurek: A minute and a half—I guess I'll leave the rest for you this afternoon when I get a chance, but just a quick question. Laboratory funding: Has there been a cut in the budget from last year to this year?

Hon. Eric Hoskins: Bob, do you want to tackle that?

Dr. Bob Bell: Thank you. Yes, there's been a reduction in the community laboratory budget by about \$46 million anticipated for this year. That's based on evidence as to the decreased cost of testing that has resulted from industrialization of lab testing. It used to be that in order to get a serum sodium result you would have to sit in front of a test tube with a flame in front of you. Now, of course, a small sample of blood is put into a robotic machine and results for about 100 different tests are achieved. The fee schedule that has previously been in place for community laboratories has really not kept up with the times, not kept up with technology. We've attempted this year to actually rationalize that.

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We've done a lot of work on the community laboratory schedule of benefits, looking at the true costs of not only the test itself, the analytic cost, but the so-called pre-analytic costs of what it takes to actually gather a specimen in a blood-drawing centre, to transport that, to fractionate the blood so that you can put it into the robotic equipment, and then report the test back to the provider. We think that there is opportunity for savings there. The methodology with which we achieve those savings—

The Chair (Ms. Cheri DiNovo): Thank you. I'm afraid the time is up for the official opposition. Now we move to the third party, Madame Gélinas?

M^{me} France Gélinas: Given that this is my first time to talk about the estimates, I will start at the 40,000-feet level and basically look at how in 2013-14 we had a 2.6% increase in the overall health budget, followed by a 1.2% increase this year in the overall health budget, or \$600 million.

What was the rationale to say that our health care system was only going to grow 1.2%? What changed between 2014 and 2015 that would support the decision to go from a 2.6% increase to a 1.2% increase?

Hon. Eric Hoskins: I'm going to answer that, but I think there's a useful clarification that I'll just ask the deputy to provide first, if that's okay.

M^{me} France Gélinas: Sure.

Dr. Bob Bell: In terms of the increase, the increase is actually 1.4%, based on the comparison from the actual results of the system for 2014-15 compared to the budget for 2015-16. The 1.2% was an estimate provided in the Q3 estimates; when we actually saw the final results, it's actually a 1.4% increase.

M^{me} France Gélinas: Okay.

Hon. Eric Hoskins: I would begin by stating that these year-over-year increases are in the context of roughly a decade of substantial investments in our health care system, not just on the operating side, but on the capital side as well. We just opened the Humber River Hospital, for example; the Oakville hospital will be opening soon. So there are significant investments in infrastructure, as well as significant increases in our hospital budgets, for example, of 50% on average over the past decade. This discussion, I think, needs to be situated in the context of a government that spent the better part of a decade making those very significant investments to ensure that we had a health care system that was well functioning for the population.

In recent years—we would probably, I hope, all agree—we have been making some fairly fundamental transformations within the health care system, most notably in the hospital environment, to the credit of our health service providers in the hospital environment and the leadership that they have demonstrated over the past few years, where we have moved dramatically in the direction of where we are funding hospitals based on the quality of the services that they provide, as well as the outcomes that we desire, the best possible outcomes for all Ontarians. That transformation has been coupled with finding new, innovative, efficient ways of delivering health care. We've been successful at doing that, and ensuring that the services that are provided are delivering the results that Ontarians would expect.

As a result of that and other efficiencies in the system, we're confident that the level of funding increase—and there has been an increase in funding in the health budget every year since this government came into office in 2003. There has always been an increase, but we're confident that with the transformational activities we're undertaking, and finding and implementing innovations in health care, working in close partnership with our health care providers, we are able to maintain and indeed improve the quality of care in the context of the levels that you indicated.

M^{me} France Gélinas: Okay. You did mention it, but because I'm just starting, I want to put the numbers on the table and make sure we all agree.

I'm in the estimates book, page 291, if anybody is following closely. Basically, it says infrastructure expenditures for 2014-15 were \$3,575,000,000. If we look for this year, it's \$2,668,000,000. There's a billion-dollar drop here, almost—I'll let you count. How do we explain this?

Dr. Bob Bell: What page was that?

M^{me} France Gélinas: Page 291. I'm in the budget—sorry.

Hon. Eric Hoskins: As you can appreciate, the two hospitals that I referenced—Humber River and Oakville—are large capital investments. I think in the case of Humber, it's approximately \$3 billion.

Given how investments and builds take place, there is an ebb and flow, depending on the length of the planning

stage and actually doing the build itself. So it's not uncommon, particularly when we're talking about huge capital investments, to see variations from year to year. If you look at it on average over, for example, a 10-year period, it's easier to see the extent of the investment that takes place.

Also, as I mentioned, we've made the commitment in previous and recent budgets as well, in terms of roughly a \$10-billion spend over a 10-year period into those capital investments and in health care. Again, it's in the context of the substantial investments, in the order of 6% or 7% per annum, that took place over the past decade.

The year-over-year increases that we're seeing in this fiscal environment are consistent with what other jurisdictions across Canada and elsewhere are implementing, as well, to restrain, but to restrain in the context of having confidence through innovation and finding efficiencies, that you can find new models and transformational models of delivering care—the bundled care that I referenced, for example—that will improve the quality of care that Ontarians receive but that don't necessarily have to cost additional money.

In a sense, we've been very successful, not only through our capital investments but increasing our operating budgets, as well. I mentioned hospitals as one example.

Across the province right now, we have roughly 20 hospital builds in some phase, some stage of that planning—

Dr. Bob Bell: Thirty-five.

Hon. Eric Hoskins: Is it 35? Thirty-five hospitals that are either being built or in the planning phase of that process.

Our commitment to infrastructure is evident, I think, with the activity that's taking place across the province.

But I would caution anyone to look too deeply into—in terms of the analysis of a single figure, it's more important, I think, to look at the trend.

Dr. Bob Bell: If I can come down to that, also on page 198, you'll see an expenditure change from the 2014-15 estimates of \$350 million in the capital lines. That's largely related to major hospital projects, which are \$291 million less than expected. That's due to the time of substantial completion, which is when the project is booked, and small delays that take it out of the year-end.

M^{me} France Gélinas: Okay. If you don't mind, you referenced that there are 35 hospitals in different stages of infrastructure expenditure. Do you have this list with you?

Interjection: Yes.

M^{me} France Gélinas: If you could share that. You don't necessarily have to read it into the record, but sharing it with the committee would be very useful.

Hon. Eric Hoskins: Yes, I guess I've just been given it, so I'm assuming I was given it to enable me to give it to you.

M^{me} France Gélinas: Are you? Very good. Thank you. Those were my questions at the 40,000-foot level.

Because I only have five minutes left before this committee rises, and my colleague has spent quite a bit of

time talking about the OMA negotiations, I want to finish using my time with this: We have close to 28,000 very unhappy physicians right now. I know that when you speak, the words that come out of your mouth are that they are the highest-paid physicians, and you're proud that they are. But communication is a two-way stream. When you say things like "They are the highest-paid physicians" and "The negotiation is all about money," what do you figure that people in Ontario hear when you say that?

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Hon. Eric Hoskins: Certainly, the many individuals, the health care practitioners, including physicians, but other health care practitioners like personal support workers and nurses and nurse practitioners and others, and Ontarians who are not in the health sector, those that I've spoken to agree that physicians should be well compensated, and they have confidence that the government has made efforts to do just that.

But I think it speaks to the bigger challenge, which is that I believed it was possible, over the course of the year of negotiations, to reach agreement with the OMA. There was a public report from an independent third party that implored the OMA to accept the government's reasonable offer. I was disappointed that the OMA leadership decided to reject it, because had they accepted it—I think that it was fair, at the present time particularly. Being a member of the profession, but through discussion as well—and I think Ontarians generally accept this—given the financial constraints that we have, I believe physicians do understand that there are a number of priorities in the health care system, including the recent investment we made in our PSWs—

M^{me} France Gélinas: They do understand that there are priorities within our health care system, but you can't help but admit that they're very unhappy. They filled the gallery here last week, to come and talk to us. They are very active, reaching out to all of us as to—they are not happy.

They understand everything you say, but we have a group of people who feel really disrespected right now. When you say things like they are the highest paid and you're happy about it, the average Ontarian hears that they are the 1%, greedy, rich people who put money ahead of care. When the Minister of Health stands up and keeps saying, "They are the highest paid, and I'm proud of it," the average Ontarian hears something completely different. That's what makes them angry. That you haven't realized you are the one fueling the fire that makes them angry is disheartening.

I agree with what you have said. Physicians agree that there are priorities, but they want the discourse to be respectful, and right now, it is not. Nothing good comes when 28,000 physicians are not happy. They are an important part of our health care system, and if they cannot function at 100%, nothing good comes of this.

What is the strategy to bring peace with physicians?

Hon. Eric Hoskins: I know my deputy shares this—we're both members of the medical profession—I have

the greatest respect for my colleagues, and I've articulated that at every chance that I get. They are the backbone of our health care system, along with our other health care professionals. We need to remember that there are other health care professionals as well. I have not made any effort to isolate or disrespect our physicians. I certainly haven't done anything intentionally.

We have always been willing to discuss and negotiate with the OMA—always. The OMA has decided to pursue a legal avenue. I would say that they've mischaracterized our intentions repeatedly with their membership. We have limited means of communicating with physicians. I asked the OMA to allow me to send a letter to the 28,000 doctors, for them to facilitate the delivery of that letter through their electronic system, and they refused. My ability to communicate directly with my colleagues—in this case, with the physicians who so aptly represent their sector and our health care system—has been limited, and—

The Chair (Ms. Cheri DiNovo): Thank you, Minister. I'm so sorry.

Thank you, everyone. This committee now stands recessed until 3:45 this afternoon. Thank you.

The committee recessed from 1015 to 1545.

The Chair (Ms. Cheri DiNovo): Good afternoon. Before we get started, the official opposition has made a request that we ask for Hansard to put a rush on the draft Hansard for estimates going forward. Is there agreement from the committee to do this?

M^{me} France Gélinas: Sure.

Mr. Bas Balkissoon: Put a rush on what?

The Chair (Ms. Cheri DiNovo): To put a rush on the draft Hansard for estimates; in other words, get it to us quickly.

Mr. Bas Balkissoon: Is there a particular reason why? Just asking for a request without telling us why makes it difficult—

The Chair (Ms. Cheri DiNovo): The official opposition not being here, I'm not going to answer for them.

Mr. Bas Balkissoon: Well, then, I can't agree—

The Chair (Ms. Cheri DiNovo): Madame Gélinas?

M^{me} France Gélinas: Well, I can tell you that usually it takes a really long time to get. Because of some of the questions that have been asked and some of the questions that will be asked—they come from constituents who are not able to connect.

In my riding, I can tell you that the legislative channel isn't carried because we don't have cable where I live, and it's only available on cable. With dial-up Internet, forget about connecting to here, but those people would like to have access. You will see that we will go into questions that have to do with people who are interested in what's going on in here, and the only way for them to get this is to read it in Hansard. Asking Hansard to come out in a timely manner—there is sometimes up to a month delay before they get to it.

We have done that in the past where we ask Hansard to get the—there are two levels. There's the draft, and then there's the final. They get the draft out so that people

can read it. It's as simple as that. His request comes from people living in rural Ontario, but it applies to people living in northern Ontario just as well. The only way we have access to what's going on in here in part of my riding is Hansard.

The Chair (Ms. Cheri DiNovo): Thoughts?

Mr. Bas Balkissoon: Can the Clerk's office shed any light on this?

The Clerk of the Committee (Mr. Christopher Tyrell): All I can say is that there was a request made by the official opposition—

Mr. Bas Balkissoon: No, I mean, they're complaining about a delay and that it affects them doing their work. Estimates has been meeting for years. I've never heard this to be a problem, and this is my second term sitting on this committee.

The Clerk of the Committee (Mr. Christopher Tyrell): I'm not in a position to comment on whether it affects their ability to do their job or not. I will say that in years past, estimates was given priority, or Hansard did give estimates priority for transcription just so that when we met in the morning and the afternoon, by the afternoon, the morning transcript would be available to members.

The Chair (Ms. Cheri DiNovo): So, Mr. Balkissoon, basically right now I've just asked if there is agreement. Do we have—

Mr. Bas Balkissoon: Can we take a five-minute break so I can just—

The Chair (Ms. Cheri DiNovo): Sure, absolutely. We will come back at—

M^{me} France Gélinas: In five minutes.

The Chair (Ms. Cheri DiNovo): Yes, five minutes.

The committee recessed from 1547 to 1552.

The Chair (Ms. Cheri DiNovo): Okay, we are back. I'm going to repeat this again: The official opposition has made a request that we ask for Hansard to put a rush on the draft Hansard for estimates, going forward. Is there agreement from the committee to do this, yes or no? Mr. Balkissoon.

Mr. Bas Balkissoon: Madam Chair, I'm not familiar with this request being made in the past, but there's so much going on with this committee, and the committee has been meeting on an annual basis after the budget. I think if we want to have this as an adopted procedure, we should work with the Clerk and do it at a future date. But today, I can't agree.

The Chair (Ms. Cheri DiNovo): So you're saying no. The official opposition has the option to move a formal motion, which would then go to a vote. Do you want to do that?

Mr. Bill Walker: We'll table that for now and we'll bring it back at an appropriate time.

The Chair (Ms. Cheri DiNovo): Thank you.

We will now resume consideration of vote 14071 of the 2015-16 estimates of the Ministry of Health and Long-Term Care. When we recessed this morning, the third party had 15 minutes and 37 seconds left in their rotation. Madame Gélinas, please proceed.

M^{me} France Gélinas: Really? We keep 37 seconds? I'm impressed.

The Chair (Ms. Cheri DiNovo): And you just blew them.

Laughter.

M^{me} France Gélinas: All right. Well, I didn't think I had it.

I ended up talking about physicians. Now I would like to talk about nurse practitioners a little bit. The first thing that comes to mind when we talk about nurse practitioners are the multitudes of letters that I am copied on. Most of them are addressed to you. Some of them are addressed to you, as well as the deputy ministers, but they all say the same thing.

I have this letter from Jennifer Clement, who is the clinic director of the Sudbury District Nurse Practitioner Clinics, which is the very first nurse practitioner-led clinic that happens to have sites in my riding, that says: "Our budget has remained unchanged over the last six years, yet costs around us continue to rise due to the cost-of-living increases," and they're having a tough time recruiting nurse practitioners. She wrote that this summer. This spring, she wrote to you, again saying, "The looming disparity in compensation between primary health care nurse practitioners, as well as other members of the interprofessional health providers and administrative support staff in the acute care sector, has been yet again dropped from any actual agenda."

You also had the letter from seven physicians from the Caroline Family Health Team who wrote to you, basically saying, "Nurse practitioners are leaving primary care to find better compensation. In fact, those who work as nurse practitioners in hospitals, in long-term care, in CCACs are earning \$20,000 to \$30,000 more than community sector nurse practitioners." And they ask you: "We feel that attention needs to be taken immediately to bridge the increasing wage gap as outlined above for all primary health care teams in Ontario."

We have Brigitte Gravelle from the City of Lakes Family Health Team, who feels frustrated: "I am in underpayment and unfair treatment of health professionals in primary care"—I'm sure you know what I'm talking about. Is there any place in the budget where there is money set aside to address the wage gap between nurse practitioners practising in primary care versus other settings?

Hon. Eric Hoskins: Thank you for this question. It's a very important one. Certainly this is an issue that I'm aware of. I've had discussions with nurses, including nurse practitioners, as well as those who represent them, including—I think this falls, at least in part, in the category of the issue that has been raised with me on a number of occasions of recruitment and retention of nurses, and nurse practitioners in particular. So it's an issue that I know the ministry is working very diligently on with our partners in the nursing profession and those who represent them.

I think it's important for the public to also understand, notwithstanding your comments, that it's within a

broader context where there are literally tens of thousands more nurses employed in this province than were employed when we came into government in 2003, including considerably more nurse practitioners.

We were the government that initiated the development and implementation of nurse practitioner-led clinics, which I know you're very familiar with and supportive of. We now have 25 nurse practitioner-led clinics in the province, serving almost 50,000 patients, including a number of those nurse practitioner-led clinics in the northern part of the province, which I'm very supportive of because they provide the highest quality of care.

We continue to work in terms of scope of practice as well to make sure our nurse practitioners are able to practise to the maximum scope, and we're in ongoing discussions with them on how we continue to expand their scope of practice so they're able to provide the quality care that they do.

Perhaps the deputy may have something to add, but certainly the ministry, under my direction and instruction, has been working with our partners to look at and hopefully appropriately address the issue that you've brought forward, which is the issue, as I mentioned, that I would refer to as the challenges in recruitment and retention which are found in a variety of circumstances around the province.

M^{me} France Gélinas: The question was: Will I find any money in the budget that is set aside to increase the pay of nurse practitioners working in primary care settings?

Hon. Eric Hoskins: Mike, do you want to address—or the deputy?

Dr. Bob Bell: In terms of increasing the number of nurse practitioners, you're aware of the 75 nurse practitioner full-time equivalents who will be coming into the long-term-care sector—30 this year and subsequently a further 45.

As you know, there are now 25 nurse practitioner-led clinics with 97 nurse practitioners working there and relatively few vacancies. There's also a grow-your-own-nurse-practitioner initiative that has been successful that is being subscribed to. The issue in terms of the difference in pay between primary care nurse practitioners, mainly in family health teams and hospital-based nurse practitioners: There are some differences in expectations, the kinds of roles they undertake and the kinds of supervision they have.

We do recognize that there is an inequity and we'd like to move to address that. There's nothing in the 2015-16 budget to address that, but we are looking at the potential for 2016-17.

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M^{me} France Gélinas: All right. So I can take from what you've said, Deputy, that you do recognize that there is an inequity and we will all hold our breath till the next budget comes around, with fingers crossed?

Hon. Eric Hoskins: In my remarks a short while ago I acknowledged that that challenge does exist and it's one that I'm aware of personally and the ministry is aware of.

I've publicly spoken to it and identified it as a priority as well.

To be sure, we're talking about individuals beyond strictly nurse practitioners as well in certain environments—for example, family health teams. There have been representations made to me and to the ministry to more fully help us understand the nature of the challenges that they're facing. Many of the organizations that are funded through the ministry do have some modest flexibility within their budgets to reallocate resources, including increases in base salaries, as long as it's done within a net-zero framework. So there are a variety of mechanisms that potentially are available. As I mentioned, it is an issue which—when I had some of those initial conversations, I asked the ministry to see how we could address it in a way which is fair to the profession.

Dr. Bob Bell: The other issue, of course, you're aware of is the issue of benefits: that in the hospitals the nurse practitioners are receiving HOOPP, a 22% relative benefit. That's something we're looking at as well: trying to equalize on the benefits side as well as starting to move on the compensation side.

M^{me} France Gélinas: All right. That is encouraging. I think, Minister, you've addressed it. The nurse practitioners are the ones where the gap between primary care-based nurse practitioners and any other—whether they work for the CCAC, they work in long-term care or they work in hospitals, they all make substantially more.

The second profession I would say where the gap is the biggest is dietitians/nutritionists. Are they also on the radar to be looked at? Because it's really difficult to recruit in primary care when hospitals pay \$20,000 more for the same professional.

Hon. Eric Hoskins: Those were the types of individuals that I was referencing a moment ago when I indicated that that challenge on recruitment and retention and the salary challenge extend beyond specifically or uniquely nurse practitioners. In that context, I've asked the ministry to look at those categories of individuals to see how we can help address that gap.

M^{me} France Gélinas: Okay.

The Chair (Ms. Cheri DiNovo): Madame Gélinas, you have just over five minutes left.

M^{me} France Gélinas: Thank you.

When you talk about professionals—social workers, nurses, health promoters, nutritionists/dietitians—everybody who works in an interdisciplinary primary care model will be looked at, salary-wise as well as benefit-wise?

Dr. Bob Bell: Yes. We're aware that some of the discrepancies are greater than others in the health professional roles. For example, in physiotherapy the differential is not as great as it is; for kinesiologists and recreational therapists, it's not as great as it is. The roles that you've mentioned, in particular advanced practice nurse and dietitians, are probably recognized as having the biggest gap.

At the same time, there aren't a lot of vacancies, I understand. So we are able to recruit, but the trouble is

that folks tend to move on to other roles in the hospital when they become open. That has been the big concern. We are filling the roles, but there is a higher turnover in primary care; you're absolutely right.

M^{me} France Gélinas: Okay. I can tell you that the clinic in Sudbury has a maternity leave right now and they are not able to recruit. The same thing with the nurse practitioner-led clinic in Alban: They have a vacancy and they are not able to recruit. I have three nurse practitioner-led clinics in my riding, and all of them have vacancies. Am I out of the norm, that nobody wants to work in Nickel Belt, or what?

Hon. Eric Hoskins: I'm sure that's not the case.

M^{me} France Gélinas: Good.

Hon. Eric Hoskins: Hopefully through my response and the deputy's response as well, we've acknowledged that there is a disparity that exists. As a matter of priority, I've directed the ministry to look at that disparity with regard to nurse practitioners and, as the deputy mentioned, certain other categories where the disparity is pronounced, to see the potential—looking at a variety of possible measures to see how we might be able to effectively address that.

Our nurse practitioners, our dietitians, a whole host of individuals who are part of a comprehensive health team or are those front-line health care workers are invaluable to the delivery of health services.

M^{me} France Gélinas: I just want to make sure that the engagement, what you have shared with me, will apply not only to nurse practitioner-led clinics, but community health centres, aboriginal health access centres and community-governed family health teams, that all of the interdisciplinary primary care models will be reviewed with a view of having equity for the professionals who work there.

You have to speak because—

Hon. Eric Hoskins: Understood. Moving towards a situation of equity is what we're anticipating, yes.

M^{me} France Gélinas: For all of the interdisciplinary primary care models?

Hon. Eric Hoskins: The interdisciplinary primary care models we would all move in the same way.

M^{me} France Gélinas: Okay. Thank you.

Do I have a minute left?

The Chair (Ms. Cheri DiNovo): Two and a half.

M^{me} France Gélinas: Okay. In my two and a half I want to keep on primary care.

Twenty-five nurse practitioner-led clinics—now I want to talk about family health teams. How did you come to the conclusion that we were only going to add so many new physicians and family health teams every month?

Hon. Eric Hoskins: Well, the conclusion that we reached was that there are certain parts of the province where they are underserved by the family health team model. We felt that it was incumbent upon us as a government to take what has been and is a very successful model of delivering primary care, that multidisciplinary team model, and work diligently through incentives, in

part to address the fact that there are certain areas, certain regions within the province that would benefit from the presence of family health teams.

We made the decision, and it was a decision, a proposal that was proposed well in advance to the OMA, where we asked for their consideration, discussion and reflection. The decision was made to focus new family health teams in those underserved areas. We reached out to the LHINs and they, through consultation, determined, based on demographic and other features, where they believed those underserved areas might be.

M^{me} France Gélinas: I followed the process to identify the areas that would and would not. The part I don't understand is why the monthly limit?

Dr. Bob Bell: In the past we have taken about 40 primary care physicians a month and put them into what's called the family health organization model, which, from a physician's perspective, is the funding model that qualifies you as a family health team. Currently we've got—

The Chair (Ms. Cheri DiNovo): I'm afraid that will have to wait. I'm afraid that your time is up. Thank you, Madame Gélinas.

We will now move to the government side.

Interjection.

The Chair (Ms. Cheri DiNovo): Minister, we will move to you for 30 minutes.

Hon. Eric Hoskins: Thank you, Madam Chair. Thank you, members of the committee as well and members of the public. Thank you for the opportunity to provide further remarks. Once again, I'll be sharing my time with Associate Minister Damerla.

In my opening remarks I focused on our transformational progress over the past year. Now I would like to discuss our plans for coming months and years ahead.

Some of you will know that my background is as a public health specialist—as a physician, but as a public health specialist—and so the work that my ministry is doing to protect and promote the health of Ontarians is particularly close to my heart. Everyone in this room understands the importance of vaccines, for example, to overall good health, and you understand, no doubt, that vaccines prevent diseases, save lives and, at the same time, they reduce health care costs.

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Fortunately, the current generation of Ontarians has been spared the devastating effects of diseases like polio or diphtheria. That's because Ontario has had, for many years now, a strong and effective publicly funded immunization system. Thanks to our vaccines, infectious diseases that were the leading cause of death worldwide, a hundred years ago, are now the cause of less than 5% of all deaths in Canada.

Our system provides access to programs and information that support the people of Ontario in making informed immunization choices. I'm proud to say that Ontario's strong immunization system provides excellent value in protecting Ontarians from vaccine-preventable diseases.

The Universal Influenza Immunization Program is one of our immunization programs that is particularly important right now. I just launched our fall vaccination program yesterday morning. It's important as we enter this year's annual flu season.

As part of the Universal Influenza Immunization Program, the province is providing a new type of free vaccine for children this flu season. It's a quadrivalent vaccine that's made to protect against not three, but four different strains of the flu virus: two which are influenza A, and two influenza B viruses. This added protection comes against an additional B strain of the flu virus, which affects children and youth more frequently than it does affect adults.

With the presence, this year for the first time, of the new quadrivalent vaccine, parents now have more choice in helping to protect their children against the flu. They have an even greater choice because this year, for the first time, we've introduced a free nasal spray flu vaccine called FluMist.

I can tell you, speaking as a public health specialist—in fact, I did my PhD at Oxford University, back in the 1980s, in measles and measles vaccination. It took me nine years to get my PhD. It was a rather prolonged period of time, but at the end of the day, they were either extremely generous or I deserved it, but nonetheless. It took so long partly because the fieldwork for the vaccination that I did was in Sudan. I lived and worked and conducted the fieldwork for my PhD for three years in Sudan.

Speaking as a public health specialist, I can tell you that both the injectable and the nasal spray forms of the flu vaccine are safe and well-tolerated for children and youth, with no contraindications. In Canada, of course, we have rigorous testing of all vaccines. So getting your flu shot is the best way to protect yourself, your family and, importantly, the community around you against the flu.

I'd like to change the subject, I suppose you could say, entirely and move from protecting the health of our children and youth to how we plan to improve palliative and end-of-life care. As we all know, death isn't an easy subject to talk about, but that's changing. Today, attitudes towards end-of-life care are remarkably different than even just a few years ago.

At any given time, up to 100,000 Ontarians are in their last year of life. Now, polls tell us that the vast majority, upwards of 80%, want to spend these last years at home and out of the hospital. But today, that's not the reality. While our hospitals do an excellent job and deliver first-rate and compassionate palliative care, it's challenging to provide the home-like setting that's so important to people and so respectful to people in their final days.

That's why, as part of a broader strategy, my parliamentary assistant, John Fraser, and I will be working together to oversee the expansion of hospice care in Ontario, to include up to 20 new hospices across the province. This will provide palliative patients the opportunity to spend their final days close to home in a home-like setting.

At the same time, I've asked John to work at the national level to engage in the dialogue on dying with dignity in Canada. We're taking this step because of our shared belief that we have a responsibility as people, as a society, to think and talk about how best to make the end of life both peaceful and dignified. We have a responsibility to focus on the quality of dying as much as we focus on the quality of living.

MPP Fraser has been holding round table discussions across Ontario to support the development of a comprehensive strategy on palliative care. That work is ongoing, but let me tell you some of what we've heard already.

Number one, we've heard that we need to be doing more to connect end-of-life care with the very people who would benefit from it. The reality is that palliative care can happen anywhere that health care happens: in people's homes, in residential hospices, in long-term-care homes and in hospitals. But too often, patients and their families don't know the treatment and support options that are available to them. That has to change.

Another message we've heard loud and clear is that we need to take a more personalized approach to how we deliver end-of-life care, tailored to the specific needs of the individual patient and the patient's family. We're taking steps on that front, too. Our Patients First: A Roadmap to Strengthen Home and Community Care will help to address some of the concerns around consistency in the quality of care that we're delivering across Ontario. The road map includes plans for greater patient choice for palliative and end-of-life care, for expanded access and equity, clear oversight and accountability and, importantly, new supports for caregivers.

As well, there is enhanced public education on the issue of advanced care planning so that families are aware of the wishes of their loved ones when it comes to palliative and end-of-life care. We're improving how palliative and end-of-life care is provided by listening to patients and caregivers. Ontario's new approach will improve quality of life and result in an improved and dignified quality of death. We're also prioritizing services and resources for caregivers and volunteers to acknowledge the important role that they play in palliative care, and to keep them healthy as well. This comprehensive approach will improve access to palliative and end-of-life care. It is part of our government's plan to improve home and community care, helping patients have better access to health care faster and closer to home.

I also want to note that, in collaboration with 10 other provinces and territories, Ontario has taken the lead in establishing an expert advisory group on physician-assisted dying, focusing on the needs of patients and their families.

Dementia and Alzheimer's are terrible diseases that impact many of us and can bring turmoil and anguish to all those involved. These diseases not only affect those who are diagnosed, but also the people closest to them. It will take a coordinated, collaborative effort from all of us to help understand and treat these diseases. I've tasked my other parliamentary assistant, MPP Indira Naidoo-

Harris, with the responsibility of working to develop a comprehensive strategy to care for patients with dementia and Alzheimer's disease.

Right now in Ontario, there are more than 200,000 people—that's one out of every 10 over the age of 65—with a form of dementia. And that number, as we all know, is expected to grow. It's estimated to grow to 300,000 by 2017. Now, these figures, as compelling as they are, tell only a small part of the story. They don't reflect the immeasurable toll that the disease takes on individuals and families. As we all know, the real cost of dementia goes far beyond the numbers: It's the real emotional impact on families and friends that can be, in many cases, the most devastating. And there is an enormous cost to the health care system of the province as well.

According to the Alzheimer Society of Ontario, the direct and indirect annual cost of dementia in Ontario is more than \$5 billion. That is expected to increase by \$770 million per year through to 2020.

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To respond to this very serious issue, Ontario has a plan to support those who live with Alzheimer's and other dementias, and their families and loved ones. Since people, including those with Alzheimer's and related dementias, prefer to stay in their homes and communities for as long as possible, we're committed to providing the support that they need so they can stay healthy and at home. But we also know that there may come that time when home care is not enough, and so our government has made substantial investments to improve the lives of Ontarians with Alzheimer's and related dementias and support their caregivers. Now, as part of her mandate, Indira will be working across government to identify ways to expand supports to these invaluable informal caregivers.

The plan that we're working on will ensure that all Ontarians with dementia and Alzheimer's disease, along with their families and care partners, are first, and perhaps most importantly, treated with respect; second, that they have access to information that allows them to make the best possible choices regarding their health and well-being; and third, that they are living well with dementia, helped by appropriate services and supports where and when they need them.

It's a plan built upon a patient-centered model of care which respects the preferences and the rights of individuals with dementia. It's a plan that will raise awareness to reduce the stigma associated with dementia and will educate patients, care partners and providers on prevention and treatment options and innovations. There will be a focus on accessibility and equity of care across the system to ensure that it is responsive to both current and emerging needs. Of course, we're going to engage the full spectrum of services and sectors to make it easier to deliver comprehensive and coordinated care for people with dementia. We're going to ensure that there is appropriate system capacity across that full continuum of care. We're going to achieve this goal through evidence-

based long-term planning, policy, infrastructure and investment decisions. Last, but certainly not least, we are going to ensure that our system is accountable and sustainable. We will do this through an ongoing evaluation of the quality of our services and our achievements.

As Ontario's health minister, I'm fortunate to witness, every day, the life-saving and life-improving treatments that are already making such an enormous difference in patients' lives. Ontario's medicine and medical devices are already sought after globally. Ontario is the third-largest hub for biotech and the fourth-largest biomedical research centre in all of North America. Its life sciences companies bring in over \$14 billion in annual revenues. Ontario is also one of North America's leading biomedical research locations, with universities and teaching hospitals investing almost \$2 billion per year.

Yet, the Ontario Health Innovation Council identified significant barriers to the development and commercialization of health technologies in Ontario. That has to change if we are to remain competitive and provide tangible benefits to patients. So we're determined to do things differently, to benefit Ontario's people and patients.

We need to build pathways to connect to the key players and resources involved in Ontario's health innovation sector. That's where the Office of the Chief Health Innovation Strategist will come into play. This office will provide the leadership necessary to make Ontario a major centre for health technology innovation. It will form part of government and will serve as a central authority to align strategy and resources right across the system. It will integrate, coordinate and marshal existing resources in the innovation environment. It will reduce barriers and accelerate the development, assessment, adoption and, ultimately, the spread of health technology innovations.

We're very fortunate, as a province, to have Mr. William Charnetski as Ontario's first Chief Health Innovation Strategist. Mr. Charnetski is an accomplished national and global executive who has worked in the highest levels of business, as well as law and government. He has a track record of leading transformational change, in developing organizations, in leading people to realize their potential, to fostering internal and external partnerships and collaboration, and, importantly, delivering results. The technologies that his office will help to foster and bring to life will allow Ontarians and people across this country and around the world to live healthier, more engaged, more prosperous lives.

Advances in medical technology hold tremendous potential as perhaps the best enabler of transformation. By embracing innovation, we can spend our health care dollars more efficiently, but also more effectively, helping to improve outcomes for patients.

Let me conclude by reiterating that, working with our valued health system partners, Patients First, our action plan for health care, provides the opportunity to revolutionize health care in this province, in ways that will better serve Ontarians in the months and years ahead.

Madam Chair, committee members, it's been my pleasure to appear before you. I'm not going anywhere.

Thank you again for the opportunity, and now Minister Damerla will take the floor.

Hon. Dipika Damerla: Madam Chair, how much time do I have?

The Chair (Ms. Cheri DiNovo): You have about 13 minutes.

Hon. Dipika Damerla: Madam Chair, members of the committee, members of the public, thank you once again for the opportunity to provide remarks. I'm pleased to be back for the afternoon edition. I was pleased to focus earlier this morning, as you know, on long-term-care homes in my opening remarks. Now I'd like to return to our work in the wellness area.

Health and wellness initiatives: My two key priorities, as associate minister for wellness, are to reduce smoking and childhood obesity. Our efforts towards achieving the lowest smoking rates in Canada got a boost with the passing of the Making Healthier Choices Act, 2015. Many of you are very familiar with that. The act will play an important role in empowering Ontarians to make the decisions that help them lead healthier lives and move us ever closer to a truly smoke-free Ontario.

Between 2000 and 2014, Ontario's smoking rate dropped from 24.5% to 17.4%, which equals approximately 408,257 fewer smokers in Ontario. Since 2005, Ontario has become an international leader in tobacco control because of our Smoke-Free Ontario Act. On January 1 of this year, new regulations took effect that make it more difficult for young people to purchase tobacco by prohibiting sales on post-secondary education campuses. The new regulations also prohibit smoking on almost all bar and restaurant outdoor patios and prohibit smoking on playgrounds, publicly owned sporting areas, spectator areas adjacent to sporting areas, and the 20 metres surrounding these areas.

Our government continues to take active steps to protect young people from the health risks and impacts of smoking. Electronic cigarette, or e-cigarette, use is an emerging trend in Ontario. Many concerns have been raised about the possible health effects of e-cigarette use by media and the medical community. Until now, there has been no regulation to control their use, and we know that they're appealing to young people. They're also seen as less harmful, but there is insufficient evidence yet to back this claim. So keeping up with technology, the legislation makes Ontario one of the first Canadian jurisdictions to regulate electronic cigarettes. Under the new Electronic Cigarettes Act, 2015, it will be illegal to sell e-cigarettes to minors and use e-cigarettes in enclosed public spaces and enclosed workplaces. The ministry is proposing that these prohibitions come into force on January 1, 2016.

Other prohibitions in the act, such as the ban on selling e-cigarettes in certain places, such as pharmacies, and a ban on displaying and promoting e-cigarettes, will be considered. As well, we are prohibiting the sale of flavoured tobacco products, including menthol, and increasing the maximum fines for those who sell tobacco to youth, making Ontario's maximum fines among the

highest in Canada. We believe that prevention is a key part of staying healthy, and we can help ensure Ontarians, especially the youngest among us, have the information they need to make better choices about staying healthy.

Childhood obesity: Evidence shows that 28% of Ontario children and youth are overweight or obese. In some communities, that number is even higher. Children and adolescents who are obese are at greater risk for bone and joint problems, sleep apnea and social and psychological problems, such as stigmatization and low self-esteem. Unfortunately, a large proportion of obese youth grow up to become obese adults. It is well documented that adult obesity can lead to increased risks for chronic diseases and conditions, like certain cancers and type 2 diabetes.

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On the other hand, healthy behaviours bring many benefits to our children, their families and communities. For example, just 60 minutes of daily physical activity helps children and youth to develop healthy bones, muscles and joints, healthy hearts and lungs and better coordination, not to mention a healthy body weight.

We know that Canadians are eating out more, particularly at chain restaurants, and buying more prepared foods from grocery and convenience stores. Currently, there is a lack of nutritional information for prepared foods served in these locations.

The Healthy Menu Choices Act, 2015, which is part of the Making Healthier Choices Act, requires calories for standard food and beverage items, including alcohol, to be posted on menus and menu boards in restaurants, convenience stores, grocery stores and other foodservice premises with 20 or more locations in Ontario. It also requires regulated foodservice premises to post contextual information that would help to educate patrons about their daily caloric requirements and authorizes inspectors to enforce the menu-labelling requirements.

By January 1, 2017, we will have fully delivered on our commitments, under the Healthy Menu Choices Act, 2015, to post calories on menus in restaurant chains and other foodservice premises with 20 or more locations in Ontario.

I was also very pleased to see the amazing response to our Healthy Kids Community Challenge. I've been visiting communities across Ontario to help them launch their own challenge, which can serve as the catalyst for a lifetime of healthy eating and living. There are 45 communities participating around the province, including six aboriginal communities. I look forward to hearing about their progress to engage partners throughout the community to encourage physical activity and healthy eating among children.

I can tell this committee that I've had the pleasure of actually visiting many of the communities that are going to receive this money, and the excitement there is really something that has to be experienced first-hand. I was in Sudbury, in Peterborough, in Windsor and in Hamilton, and every single place I went—you know, what's really

powerful about this particular program is that it gets all of the stakeholders. It gets the YMCA, it gets the schools, it gets the municipalities, all of them, coming together. In fact, the most successful applicants were the ones where all of the stakeholders came together and where a number of municipalities worked together. So we are very excited about this particular program and what it's going to mean in terms of reducing obesity for our children. It's a big part of our Healthy Kids Strategy to improve children's health by focusing on a healthy start, healthy food and healthy active communities.

We've come a long way and have done some terrific work, but there's more work to be done. In addition to strengthening smoking-related legislation, we know we must also focus on cessation to reduce smoking rates. To that end, the ministry is working on a revamped cessation strategy to be launched in 2016. Again, this is something that the ministry has been working very hard on, and I'm really looking forward to seeing what we come out with with the revamped cessation strategy.

The Chair (Ms. Cheri DiNovo): Associate Minister, you have about five minutes left.

Hon. Dipika Damerla: We have revived the ministers' working group, which I co-chair with Minister MacCharles, through which we are developing the next set of initiatives for the Healthy Kids Strategy while continuing to implement existing initiatives, such as the Healthy Kids Community Challenge in 45 communities across Ontario.

Before I conclude, I do want to speak to another initiative which I know is also close to many of you here, including Madame Gélinais, which is the Healthy Menu Choices Act, which is about posting those calories. I want to talk about why I think it is so powerful. The reason I think this is such a powerful initiative is from a personal experience of mine. The first time I ran for an election back in 2011, I was a little nervous. It was my first election. I recall a friend of mine telling me, "You know, Dipika, win or lose, one thing is for certain: You're going to lose weight in the campaign." So the election came by, I won and I was very excited, but a funny thing happened, and that was that I gained weight. I remember that very clearly, because I remembered that conversation. And then when I came to Queen's Park and we were trading war stories, there was MPP Crack telling me about losing 10 pounds in his—

Mr. Grant Crack: Eleven.

Hon. Dipika Damerla: Eleven, I'm sorry. Meanwhile, I'd gained some weight. And the penny didn't—what's the word—fall into place until a few months later when I accidentally found out, just by surfing on the Internet, that a medium-sized Iced Capp can pack 700 to 800 calories. It was a summer election, as many of us will remember, and I have this practice of canvassing three times, and after every canvass, because volunteers are so precious, I would take them out for a round of coffee at the local Tim Hortons. They might have ordered a coffee, but I was gulping Iced Capps. They might have had one a day, because they come and do one canvass; I was doing three

canvasses. So I was taking in about three Iced Capps a day. That's 2,100 calories. Contextual information: Probably 1,800 calories a day for me. No wonder I gained weight. This is the power of this information, because had I known that it was 700 calories, I'm sure I wouldn't have had three, perhaps just one. So we are really, really excited about this initiative.

Finally, in conclusion, I just want to say that I look forward to continuing to carry out the priorities entrusted to me as we work toward delivering sustainable, long-term care to Ontarians, and strengthening a culture of health and wellness across the province. I think the health and wellness piece sometimes doesn't get the focus it deserves, but it goes back to that old saying: An ounce of prevention is worth a pound of cure. At the ministry, I am determined to really, really put that old saying into practice and focus on prevention, as I've said. A primary focus is on obesity as well as smoking cessation, and the reason for that is, as we know, almost 30% of kids in Ontario are obese and that is something that we definitely want to tackle—I'm sorry?

Mr. Bill Walker: Too many Iced Capps.

Hon. Dipika Damerla: Too many Iced Capps—and that's why we need the calorie board up there.

Ontario is already the second-lowest smoking jurisdiction in Canada. We don't want to stop there. We really want to get to first place, and we look forward to working with all of you in making sure that this happens.

Once again, thank you so much for the opportunity to speak to you. I'm ready to welcome any questions that the committee might have.

The Chair (Ms. Cheri DiNovo): Thank you, Associate Minister. We will now move to the official opposition. Mr. Walker.

Mr. Bill Walker: Thank you very much, Madam Chair, and Minister, Associate Minister and Deputy Minister.

I just want to start off my comments by thanking the minister for his recommitment to the Markdale hospital funding, and I hope that's continuing on in its regular process. You recently gave some money to the Southampten emergency facility—not in my riding but very close next door and is part of Grey Bruce Health Services—and I hope you'll continue your commitment to the RCU, which we've brought to your attention significantly.

I'm going to focus most of my remarks on long-term care. Minister and Associate Minister, I hope you'll enjoy that. I'm always pleased to come and try to help you with your job, to be able to take it back to cabinet and make sure you're putting your priorities in the right place for Ontarians. I'm going to put it in the context of—as you're well aware and everyone in the room probably is well aware—the number of people age 65 and older has been increasing at a rate of roughly 4% to 5% per year. Our senior population is expected to double to over 4.5 million, or 25.5% of the population, by 2041.

I want to start off with the thought that there are over 20,000 people on a waiting list for long-term care. I want

to talk about it a little bit, because we know the demand is only going to increase for this population demographic. Your government promised to build more long-term-care beds to accommodate our growing senior population, so my first question is: What was the target that you set for yourself?

Hon. Dipika Damerla: Sorry, could you clarify: target for what?

Mr. Bill Walker: A target for long-term-care beds. When you came to government—your government—what was the target that you set for long-term-care beds that you would build in the province?

Hon. Dipika Damerla: Since coming to office, we have brought online 10,000 new beds. As a matter of fact, I was in Windsor very recently for the opening of Schlegel Villages, and I believe that was close to 250 new beds. That's new beds, so this was not a redevelopment. I'm looking forward to going to Sudbury soon where there's another redevelopment, but there's going to be an additional close to 40 new beds. I'm also going this Friday to London where a brand new long-term-care home—again, about another 196 new beds. So the new beds are consistently being built.

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The other thing that I can say, as you probably know, we have launched comprehensive capacity planning across the health care system. It's probably the first robust one that we're doing in some time, and the entire purpose of this capacity planning is to determine the need for long-term-care beds not only today but going forward.

I think it's really important to keep in mind that long-term-care beds is the continuum of care. So if we can invest more in community care—for instance, we are investing \$750 million additionally over the next three years—and help seniors stay at home, that has an impact on the number of beds we are going to need. So it's a holistic system. Increasing investments on one side can have an impact on demand, for instance, for long-term-care homes.

Given that investments in one sector could increase or decrease demand for long-term care, we are very mindful that it's a very dynamic system. We know that Ontarians have told us that their preference is to stay at home for as long as they can, so you will see us continue to invest in community care, but we also know that long-term care is an important pillar.

Mr. Bill Walker: Respecting all of that, Minister, but the question was: How many beds did you target and say you would commit to building in your term of government? So what's the number?

Hon. Dipika Damerla: That's what the capacity planning—

Mr. Bill Walker: I don't want the capacity; I want a number.

Hon. Dipika Damerla: Well, you can't have a number in the absence of an evidence-based process, and that evidence—

Mr. Bill Walker: You've had 12 years. You made commitments that you would build beds. How many beds did you plan to build?

Hon. Dipika Damerla: We've already brought online 10,000 new beds since—

Mr. Bill Walker: And what was your target?

Hon. Dipika Damerla: —coming into office, and we've done it based on the need. So the target—

Mr. Bill Walker: Ten thousand as a total of how many?

Hon. Dipika Damerla: Sorry. What do you mean? Ten thousand new beds—

Mr. Bill Walker: Ten thousand as a total of how many beds?

Hon. Dipika Damerla: So the total capacity—

Mr. Bill Walker: Ten thousand of how many—

Hon. Dipika Damerla: No, no. He's talking 10,000 beds. So every new licence that was planned has been built now. If that's your point—

Mr. Bill Walker: So what's that number?

Hon. Dipika Damerla: We have brought 10,000 online since coming into office in 2003. We've added 10,000 new beds.

Mr. Bill Walker: And what was your target?

Hon. Dipika Damerla: That was our target, and unless the minister wants to add—

Mr. Bill Walker: May I ask the deputy minister to clarify? I think he had a different number.

Dr. Bob Bell: No. The total number of long-term-care licences and beds is 78,000 in the province.

Mr. Bill Walker: Is currently?

Dr. Bob Bell: Is currently. That's correct.

Mr. Bill Walker: And when you took over, how many was it?

Dr. Bob Bell: It was 10,000 less, 10,000 fewer—I'm looking for the answer. Since October 2003, 10,286 new beds have been developed.

Mr. Bill Walker: So my understanding is, there were 70,100 long-term-care beds in Ontario when you came to power. How many are currently in place?

Hon. Dipika Damerla: About 78,000.

Dr. Bob Bell: Yes.

Mr. Bill Walker: Seventy-eight thousand, so not 10,000. That's about 8,000 beds. So can you clarify those two numbers, your 8,000 and your 10,000?

Hon. Dipika Damerla: I'm sure we can get back with the clarification, yes.

Dr. Bob Bell: I think we'll have to take that number away and bring it back to you.

Mr. Bill Walker: So are you again telling me that there is no target? You've planned, you've studied—I hear it all the time in the House. You've done comprehensive consultation. You're studying, but you don't have a number of how many beds you are actually needing in the province? Knowing that our population is increasing the way it is, you don't have a target that you're working towards?

Hon. Dipika Damerla: That's why we have the capacity planning exercise under way—exactly to respond to your issue—and that exercise will inform us through an evidence-based—

Mr. Bill Walker: So when will your capacity planning end? When are you going to put some defining numbers in place so that the people of Ontario—particularly those seniors who are looking at needing a facility or their family is looking at what's going to be needed—have a comfort level, that you're actually moving towards a target?

Hon. Dipika Damerla: So I think it's really important to recognize the fact that since coming to office, wait-times for long-term-care homes have declined by 45%.

Mr. Bill Walker: Okay.

Hon. Dipika Damerla: That has happened because of the investments we have made. That's happened because we've built new beds, but it's also happened because we've invested more in community care. So it's really important to understand that it's a continuum of care that we need to invest in. So to focus on just long-term care or just community care doesn't do justice to the whole idea that it's a continuum of care and that we provide the right care at the right time. Sometimes the right care is going to be in the community, sometimes it's going to be in the long-term-care home, and sometimes it might be just continuing care. So it's a continuum of care that we are looking at. We've added a lot of beds, and we continue to add, as you can see the evidence—I've just given you examples of three instances of new beds, so that's adding to the footprint of Ontario's long-term-care beds. And we are concurrently going to be redeveloping 30,000 new beds. That's really important to keep in mind.

The reason redevelopment is important is that sometimes, when a home is not up to modern standards, people don't put that as their first preference, so that has an impact on wait times. As we modernize these beds, we know that modernizing the existing beds will also reduce wait times. Investing in community care, as we plan to, will also reduce wait times.

Concurrently, we are also doing a capacity planning exercise; hopefully in summer or fall of next year we should have good evidence that will point us in the direction of how many more beds we need to build.

Mr. Bill Walker: Minister, you've brought up a good point: that you've made promises and commitments. My numbers are slightly different: You're saying you committed to 30,000 beds; my understanding was that the number when you campaigned on it was actually 35,000 beds. That's just 5,000, so we can work on that.

At the end of the day, what I really wanted to know is—and your Seniors Strategy expert, Dr. Samir Sinha, said that this needed to be done—how many of those beds have actually been renewed to date?

Hon. Dipika Damerla: The 30,000 number refers to the new phase of redevelopment. We've already redeveloped 13,000 beds, and now another phase of redevelopment has started; the target for that is about 30,000 beds.

Mr. Bill Walker: So you're suggesting that the total number will be 100,000 beds that you're actually committing to?

Hon. Dipika Damerla: Yes, because we have 13,000 that have already been redeveloped since coming to office.

Mr. Bill Walker: And can you just give me and define and clarify what you mean by "renew," so that we are all on the same page as to what you mean by those terms?

Hon. Dipika Damerla: Which terms?

Mr. Bill Walker: Renew a bed. Redevelop, renew a bed.

Hon. Dipika Damerla: Redeveloping a bed means that you don't increase the footprint. So if you had 50 beds, you'll still have 50 beds, but what you've done is rebuilt the facility to modern standards. When I talk about net new beds, what it means is that these beds never existed and so now there has been an actual increase in the capacity.

Mr. Bill Walker: Okay, so then just let me clarify: The 13,000 number that you've just given me, are those renewed beds or new beds?

Hon. Dipika Damerla: Redeveloped. Those were existing beds that were modernized.

Mr. Bill Walker: Those were redone.

Hon. Dipika Damerla: Yes.

Mr. Bill Walker: So our need has jumped, by stats I'm provided with, by 85% between 2005 and 2012. Where is that change going to happen? Because what I'm understanding is that you've only actually increased the number of beds by 3% in that time. Redeveloping is a wonderful thing; I get that sometimes they need modernization, but that's not helping with the demographic wave that's coming at us.

Hon. Dipika Damerla: We've added 10,000 new beds, plus redeveloped 13,000 beds.

Mr. Bill Walker: Correct, but I still don't think you're keeping pace with what the need is. That's my concern.

Hon. Dipika Damerla: I think we have, because the evidence points to the fact that wait times have been reduced by 45% since we came to office. Since your government left and our government took over, there has been a 45% decline in wait times. That tells me we are addressing the need. That doesn't mean we stop; we continue to invest. That's why we have embarked on a capacity planning exercise to look at what else we need to do. But let's not just build randomly; let's do this in a scientific, evidence-based way. If that means we take six to nine months to do a proper plan, that's how we want to do it.

Mr. Bill Walker: I fully appreciate the strategic intent that you're following, but at the end of the day, there are almost 25,000 people waiting for a bed. I've asked you a couple of times where your plan is. You've been in power for 12 years, so saying that you need nine to 12 months—where have the first 11 years of that been when you've known about—seniors aren't just a new thing.

Hon. Dipika Damerla: I'm going to answer that. I know the deputy wants to weigh in.

In the last 11 years, with all due respect, we added 10,000 new beds. In fact, the number is 10,200—

Mr. Bill Walker: You committed to 30,000, though.

Hon. Dipika Damerla: We didn't commit to anything. Those were the beds—

Mr. Bill Walker: You campaigned on it; that's a commitment, is it not?

Hon. Dipika Damerla: That was redevelopment. Those are two very different issues. We campaigned on redeveloping 30,000 beds, which we intend to follow through on; the process has already started. We also added 10,286 new beds. I gave you three examples—I'm going to reiterate them: I was in Windsor—close to 200 beds; Thunder Bay—close to 40 beds; London I'm going to on Friday—close to another 200 beds. These beds have been coming online regularly over the past 12 years that we've been in office, and that accounts, to some extent, for the 45% decline in wait times. But I want to reiterate that some of that decline is also because we are investing in community care. We are investing in helping people to stay in their homes longer. It's an effort that is twin-track, if I may.

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I want you to recognize that, as we continue to focus on reducing wait times—we are going to build new long-term-care homes, absolutely; we await the results of the capacity planning—in the meantime, we are aggressively investing in community care: \$750 million over the next three years. That's going to make a huge dent, as well.

Mr. Bill Walker: So when you're saying \$750 million, do you have a plan of how many beds and where they're going to be located and built and what time frame?

Hon. Dipika Damerla: The \$750 million is investing in community care, to keep seniors in their homes so that they don't need the long-term care right away.

Mr. Bill Walker: How much have you budgeted for the actual building of new beds that you've committed to?

Hon. Dipika Damerla: The way we build beds is the operator builds them up front. Once that facility is ready to have seniors move in and it hits all of the codes and we inspect it and it's up to code, it's only then that we defray the capital cost over a 30-year period. It's a very efficient model, where the initial risk of building, getting capital, is borne by the operator. The ministry has to start paying that expense—it's like paying a mortgage. It's over 30 years. It's a very good use of taxpayer dollars.

Mr. Bill Walker: I appreciate that, but you obviously know the numbers that are needed for people to be in beds. You would then have, I would expect, a corresponding number of beds that are going to be built per year in a location. What I'm trying to get down to is, please provide me with that. What is the time frame, how many beds and where, to get those 20,000 people off the waiting list? I commend you. If you drop the waiting list by 45%, that's wonderful. But for the 55% who are still on the waiting list, that's not wonderful.

Hon. Dipika Damerla: That math is wrong.

Mr. Bill Walker: What I want to know is, when you budget—you're using terminology like "a mortgage." When I go out and build a house, I know how much I'm

going to spend and when I'm going to spend it and when I expect that house to be built. I would like you to share with the committee what you believe to be the plan—

Hon. Dipika Damerla: The deputy wants—

Mr. Bill Walker: Or the deputy. That's fine.

Dr. Bob Bell: Over the last 10 years, \$1.344 billion has been expended on new beds and on beds that have been redeveloped, to this point.

I think, perhaps, the discrepancy in the conversation relates to the best practices around care for the elderly. Our geriatricians—some of the leading geriatricians in the world are here in Ontario—point to the fact that utilization of long-term-care beds on a historic basis has probably not been best practice in the province. There are jurisdictions in the world—the Scandinavian countries, for example—where longevity is even longer than it is in Ontario, where there are virtually no long-term-care beds. There are assisted living residences, and we have increased the number of assisted living opportunities as part of the home and community living investments that the minister has responded to.

I think part of the discussion that we're having is around let's not blindly build long-term-care beds. We don't know the right number based on the changing desires of the population. Let's look at what we can accomplish through assisted living supportive housing. Let's look at what we can accomplish through enhancement of home and community programs, and there has been a tremendous focus on that—

The Chair (Ms. Cheri DiNovo): Excuse me. Mr. Walker, you have just under five minutes left.

Mr. Bill Walker: Thank you.

Dr. Bob Bell: The summary, Mr. Walker, is: Do we know the number of long-term-care beds that population will need? No. Do we follow closely the waiting times to see if we do see evidence of a peak building up? We do follow those very closely, not only on a provincial basis, but, of course, on the basis of our LHINs. We're really, really hoping that the \$250-million-a-year investments in home and community care, not just for care in the home, but also community care that brings neighbours to shovel off walks and also brings supports to people in their own housing, as well as supportive housing, are going to reduce some of the traditional demand that's been there for a long time.

Mr. Bill Walker: I certainly applaud those and I'm a supporter of all those. We need to look at doing things differently. But I think you have to be pragmatic, in fact. When I'm out in long-term-care facilities, what I hear from the front-line staff and the administrators is that we're having an increase in acuity for the people who need those beds. That's not going away. I don't care what model you want to use; that's a reality.

Dr. Bob Bell: That's entirely appropriate.

Mr. Bill Walker: We need to know what those beds are going to be. We need to be projecting how many we're going to build.

A quick stat here: The Ontario Health Quality Council reported in 2010 that the wait time for a long-term-care

bed has tripled since 2005. Can we get, from your ministry, a list of wait times for the last 10 years?

Hon. Dipika Damerla: I'm sure we can look into getting you that information, but a lot of that information is publicly available, as well, on the Health Quality Ontario website, which actually points to the 45% decline since 2002-03.

But just coming back to your question, and to reiterate what the deputy said, it really is about the balance, and the balance is between investing in community care and in that continuum of care that helps seniors stay at home longer. That means that when they do come into a long-term-care home, yes, the acuity is higher, because we've managed to keep them in the home for longer. But it's also worth bearing in mind that the average stay in a long-term-care home today is 18 months. If you went back six or seven years ago, it could have been as long as four years. So the acuity is—

Mr. Bill Walker: I fully appreciate that, but you even said 30,000 beds, so all I want to see is a schedule. If you identified there was a need for 30,000 beds, what is your time frame to build those? If you haven't met that timetable, give me a rationale of why you've had to change it, why you've had to move it. There has to be a game plan going forward.

I'm going to use the Markdale hospital. There's a facility that, 12 years ago, was identified as a need. People there continually ask me on a daily basis, which I have to come and ask you folks on a daily basis, "Why isn't it built?" You saw the need; you knew it was there; the community stepped up.

I get the same type of questioning, if you can appreciate, from constituents in my riding. I live in a riding that has above the provincial average of seniors. They're saying to me, "Bill, my mom and dad are 82 years old. They're going to need a facility." They're packed to the rafters now, so how are we addressing that? That's the question I'm asking you.

I want to see a plan to give them comfort, so that they actually have a plan in place. When you say 30,000 and they're not there, then tell me the time frame when they will be there.

Hon. Dipika Damerla: The 30,000 number—I think there's some confusion. The 30,000 that we committed to is redeveloping the beds. I'd be happy to talk to you about the progress we are making on that redevelopment. In fact, if you will give me a minute, I do want to talk about it, because I think it's a really, really important part of what we are doing.

The redevelopment process, the new phase for the 30,000 beds, has started. We have increased the funding subsidy by up to \$4.73, compared to the previous phase of redevelopment, to make it more attractive for our operators to redevelop. We've also increased the licence time from 25 years to 30 years. We have created a dedicated office at the ministry, with a dedicated person to stickhandle the entire redevelopment process.

The first batch of long-term-care operators who are interested in redeveloping has been identified; they have

been admitted into the program. But the admission doesn't mean they are going to get the funding. There are still some more hoops for them to jump, in terms of financial liability, making sure that they can secure the financing, at which point we hope there will be shovels in the ground and we'll be ready to go public. I'll be delighted to share that with you—

The Chair (Ms. Cheri DiNovo): Thank you. I'm afraid I'm going to have to cut you off there. Mr. Walker, your time is up.

We now move to the third party: Madame Gélinas.

M^{me} France Gélinas: All right. I just wanted to finish the sentence that you were halfway through.

I was asking you about FHO, which is how family physicians get paid if they are within an FHT, a family health team. You were telling me that there are currently 4,000 physicians on this particular payment model, and then my esteemed colleague called it off. What were you going to say after that?

Dr. Bob Bell: Thanks for that question. In the family health organization model, there are 4,500 general practitioners—total number, 4,591—who are practising in family health organizations. They're paid on average about \$431,000 per year. In family health teams, there are 2,792 practising, earning about the same as the family health organizations. The difference between the two models is that in the family health team, we have other professionals providing care as well as the primary care physicians, whereas that's not entirely true in the family health organizations.

Your question was why we have gone from a monthly average of about 40 graduates—new doctors—entering into these managed entry-to-care models, leading to this kind of a rostered model of care.

The significance of these two models is that, rather than getting paid on a fee-for-service basis, physicians are compensated based on the number of patients that they look after.

The reason is that, as you've heard, at \$431,000 a year, these are lucrative models. They are higher than the average family doctor receives in fee-for-service care. We think with this substantial number, over 7,000 doctors working in this of the roughly 12,000 primary care physicians, that we probably have enough that we don't want to keep rapidly increasing these numbers. Rather, we want to focus on the problem that you're very sensitive to: redistribution of physicians across areas which have a lower doctor-to-citizen population. That's why we've reduced the number of people entering these models to 20 a month from 40 a month, but we've worked with our LHINs to define areas of the province which are high-need areas. These areas are the ones that we want to incent doctors to move to. This is one of the incentives that we have put in place to move doctors to these underserved areas.

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Because of the desire of new graduates to move in to roster care models, the minister has already announced over the last week or so another managed entry to care model—managed entry to practice model—which is—

Hon. Eric Hoskins: Do you want me to speak to that?

Dr. Bob Bell: Please, Minister, over to you.

Hon. Eric Hoskins: Are you interested in hearing more?

M^{me} France Gélinas: Sure.

Hon. Eric Hoskins: As I mentioned and the deputy mentioned, our efforts have been focused on encouraging physicians to utilize the family health team model in the underserved areas of the province. Those underserved areas that are co-designated—or at least we get the good advice of the LHINs and the partners that they work with to identify the underserved or high-needs areas—are reviewed on a quarterly basis as well. So we welcome input from our health care providers and partners to ensure that we in fact correctly—in a dynamic way, as well, as changes are made and deployment occurs—make sure that that categorization is current and accurate.

This was important to me, I think it's fair to say, personally as well as professionally as the minister: I recognize that there are graduates, including new graduates, who receive their training in this comprehensive care model, the family health team model, and they may have received that training or are perhaps a resident in an environment in Ontario which isn't designated high-needs. As the deputy alluded to, we have been working over the past months—this is a proposal that was shared with the OMA, in-depth and well in advance, quite some time ago, before the summer, to get their feedback and comments—to provide that opportunity for family medicine graduates who perhaps were trained in that environment, who want to remain in that environment but aren't prepared for a variety of reasons, or maybe for personal reasons don't have opportunity to be deployed or to work in an underserved area.

We're calling that, I think, the new grad entry model—

Dr. Bob Bell: New grad entry program.

Hon. Eric Hoskins:—new grad entry program. That will provide opportunity, as well, for an additional stream, if you will. I'm not sure if we—have we established a target number, or are we approaching that on a case-by-case basis?

Dr. Bob Bell: Probably on a case-by-case basis, yes. Probably we expect that there won't be as much demand to fill the remaining 20 spots a month, but we are hopeful that we will get some interest in this model.

Hon. Eric Hoskins: I can't remember the number in the north, for example, but I really feel compelled to this as a great model of delivery of health care services, due to the comprehensive nature of it. I think it's good for everybody involved. It's particularly good for the patient—we've measured their confidence in this particular form of delivering health care—but it's good for the broad-based health professionals, including our doctors who are working within it. I feel compelled as minister that I have a responsibility to ensure that that model, when it's made available, is made available in an equitable fashion.

This new model that we have brought forth, the new grad entry model, is an effort, I think, to reach that

balance, to recognize and respect the personal choice that needs to and should exist for a physician in this province, but it also allows us to target our predominant efforts for reaching out to those high-needs areas, to ensure that they have the physicians and, particularly, have the opportunity in this model of the family health team to be able to deliver health services.

M^{me} France Gélinas: I'm also curious—this is a question I ask every time there are estimates: We're now at 2,792 physicians that work within the family health team models. How many other practitioners are funded through the family health team model?

Dr. Bob Bell: How many?

M^{me} France Gélinas: Yes, and if I could have a breakdown by profession that would be perfect.

Hon. Eric Hoskins: You may have that shortly. We could certainly—

Dr. Bob Bell: We will get you that information.

Hon. Eric Hoskins: Yes.

M^{me} France Gélinas: I know that there won't be more than 20 physicians a month added to that 2,792. Do we also have a target as to how many other professionals are being added to the family health team models?

Dr. Bob Bell: At the present time, we are focusing on physicians moving into practice utilizing the same inter-professional teams and expanding the family health organization model. We don't have a plan at present to expand the number of interprofessional care providers in family health teams.

M^{me} France Gélinas: Are there plans to open up new family health teams?

Hon. Eric Hoskins: Well, this is the intent of us maintaining and providing incentives and opportunities for family health teams to emerge in the high-needs areas. But as I mentioned as well, we've now introduced a further program. For example, if a group of physicians in Nickel Belt wanted to establish a new family health team, they could approach the ministry and, assuming it's a high-needs area, we would work with them. So in a sense it can come from both directions. It can be an initiative by a number of physicians—and other health care professionals, for that matter—who express an interest, but it is coincident with the efforts that we're making to provide access to this model of care. It's one of many. We haven't made any changes to, say, family health groups or fee-for-service types of practices. Those other opportunities exist for our physicians, but if we're talking specifically about family health teams, that's—

M^{me} France Gélinas: Okay, that's the part I don't understand. Twenty new physicians will get to be on a roster payment program called FHO to work within a family health team, but if you create new family health teams, there doesn't seem to be any money to fund the rest of the team. This is what the deputy just said. So how do you open up a new family health team without having a team? All you're doing is opening up alternate payment plans called FHO.

Dr. Bob Bell: Going back to one of the earlier questions you asked, Ms. Gélinas, there are 2,102 inter-

disciplinary health professionals serving with 2,792 physicians. We think there is opportunity to recruit some more physicians to that family health team model. Within that, we think that probably there could be more physicians working within that model.

Currently we're equally focused, if not slightly more focused, on recruiting people to family health organizations where they would work in a rostered model, providing comprehensive care without necessarily introducing interprofessional team members with them.

What we recognize is an equity-of-care issue in the introduction of family health teams. I think it has to be recognized that Ontario has really led the world in terms of introducing these kinds of publicly funded interprofessional teams. We have to recognize that by co-localizing these interprofessional providers with physician models, we don't necessarily focus the care of those interprofessional teams on the citizens that need them most. What we're doing is looking at the model of community health centres as well as family health teams and saying, "How can we ensure that these models are going to be equitably distributed and serving the needs of the patients, as opposed to simply serving the model of the care provider?"

We're doing some work on this now to look not only at how patients who are rostered to the doctors in family health teams get access to care from interprofessional care providers or in community health centres, but rather how any patients in the region who need care from interprofessional teams can access it, even if their physicians aren't members of these family health teams. We're looking for equitable distribution to these interprofessional resources. That's been part of our Health Links process, that you're aware of: trying to focus interprofessional, comprehensive care, especially on the needs of high-needs patients.

M^{me} France Gélinas: So we're at 2,102 interdisciplinary team members that work within the family health team model, and this is it? This is where it's going to stay for the foreseeable future?

Hon. Eric Hoskins: I guess I would point to at least a couple of important developments. This speaks to the earlier conversation this morning about our partnership with our doctors as well. I'm optimistic and gratified that the OMA agreed to work with us and to partner with us on the creation of the task force that I had referenced earlier, the task force on the future of physician services.

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I view this as probably the most important recommendation of Judge Winkler, who was involved in the negotiations process as the conciliator. He felt it is critically important not just for the fiscal sustainability of the health care budget and the health care system, but, equally as important, in a medium- and long-term process, to garner the expertise not simply in Ontario but from around the world, to bring together experts in true partnership with our doctors and the government, to determine how best to support our physicians and those

who work with them, our primary care providers, and to do that in the context of a sustainable health care system.

This gives us for the first time—and perhaps ever, but certainly in a long time—the opportunity to work hand in hand with the OMA to address the precise issues you're describing. And then the other—

M^{me} France Gélinas: While those discussions will take place, the idea that new family health teams could be created out of those 20 new physicians who will be there—none of this will happen?

Dr. Bob Bell: I think the way that we look at family health team service expanding is twofold: first of all, by new physicians moving into existing family health teams where the ratio—

M^{me} France Gélinas: Those are not the ones. We're finally able to recruit in northeastern Ontario where we never had physicians before, so some of those 20 are now setting up shop. Three or four of them got their FHO. They're setting up shop in a community that never had access to primary care before. But what I'm asking you is, will they ever be able to have an interdisciplinary team attached to them?

Dr. Bob Bell: There are a couple of issues. Will they actually have an interdisciplinary team that works around them, or will their patients be able to get access to interdisciplinary resources according to their health needs? Certainly, the second will be true.

M^{me} France Gélinas: Okay.

Dr. Bob Bell: It's hard to anticipate exactly where those interprofessional resources will be sited. But what we know now is, some of the interprofessional team members within family health teams may not be providing care that is directed towards the maximum health care opportunities that they can provide for patients. They're not necessarily serving the needs of high-needs patients. A model based on access to interprofessional care, depending on what kind of model your doctor works in, is not what we want. We want to have these resources distributed according to patient need.

Hon. Eric Hoskins: If you'll allow me just very, very briefly—the other example I was going to give is the Price report on primary care reform that they delivered to me earlier this year and that we have made public. That speaks to some of the issues that Bob has been referencing.

I think we've got tremendous opportunity at this point in time. Again, we're focusing our efforts on the high-needs areas. I take your point in terms of the importance of the comprehensive nature and the other health care professionals who are very valuable to that team-based approach. Correct me if I'm wrong, but I believe it already is the case that those resources can be made available through physicians who may not be part of that family health team with the consent of the family health team itself.

Dr. Bob Bell: Correct.

M^{me} France Gélinas: Yes, correct.

Hon. Eric Hoskins: So that opportunity already exists. But I think we're at a moment in time—and again,

I'm optimistic and gratified that the OMA has accepted my invitation to form this task force, that it gives us the opportunity, in the context of the Price report and other work that has been done—considerable work over the past few years of working with our stakeholders to establish precisely what methodologies are working the best, how we can support our physicians and other primary care workers to deliver that quality of care and address the issue of equity as well as access across the province. These are important issues that you're pointing out.

The Chair (Ms. Cheri DiNovo): Madame Gélinas, you have just under five minutes left.

M^{me} France Gélinas: Okay. Next are going to be money questions. You are shifting resources to the community sector. In 2014-15, there was \$270 million. That's a 6% increase that was committed to the community health sector. Where can I get a breakdown as to where that \$270 million actually went?

Dr. Bob Bell: We will have that for you momentarily.

Hon. Eric Hoskins: I was going to say, the deputy seems to have a lot more charts and diagrams and spreadsheets than I do, so it's likely that he has the answer—or these folks.

Dr. Bob Bell: Thank you. The answer is, in the 2015-16 estimates, community care access centres will see a 7.8% increase in funding; community support services, 8.8%; assisted living services and supportive housing, 1.6%; folks living in supportive housing for acquired brain injuries, 6.9%; community health centres, 5.4%; community addictions programs and community mental health programs, 5.7%, for an overall increase to the community sector of 5.8% or \$283 million.

M^{me} France Gélinas: Okay. You're talking about fiscal year—

Hon. Eric Hoskins: That's current fiscal.

Dr. Bob Bell: That's current, 2015-16.

M^{me} France Gélinas: It's 2015-16?

Dr. Bob Bell: Yes.

M^{me} France Gélinas: All right. Can I have the same breakdown for 2014-15, for last year?

Hon. Eric Hoskins: Yes. He represented the year-over-year increase. The percentages he was describing would be the year-over-year, but we certainly have the actuals; don't we?

Dr. Bob Bell: We have the actuals; we also, for the increase for 2014-15, based on the interim accounts—just quickly: CCACs, 7.3%; community support services, 4.8%; assisted living and supportive housing, 10.6%; community health centres, 3.6%; community mental health and addictions, just under 6%.

M^{me} France Gélinas: Okay. And those are available on what page of the whatever?

Dr. Bob Bell: Can anybody tell me where they are in the estimates?

Mr. Mike Weir: That's a customized breakdown.

M^{me} France Gélinas: Can I have a copy?

Dr. Bob Bell: We'll provide it to you, absolutely.

M^{me} France Gélinas: Because I'm not going to get the Hansard of this and as fast as I am at taking notes down, I cannot do that.

Dr. Bob Bell: We will provide this to you.

M^{me} France Gélinas: Okay, sounds good.

My next question has to do with Healthy Smiles. I know that CINOT and Healthy Smiles Ontario are going to be rolled into the new Healthy Smiles program. I'm curious about how much funding was allocated to CINOT in 2014-15, how much was spent and how many kids were seen, as well as how much is being allocated to CINOT this year, for 2015-16.

Same questions for Healthy Smiles Ontario: How much was allocated in 2014-15, how much was actually spent in 2014-15, how many kids were seen and how much have we got allocated for 2015-16?

Dr. Bob Bell: So, CINOT—

Hon. Eric Hoskins: Too bad it's in different categories; right?

Dr. Bob Bell: Yes. As you know, all these programs are being brought together—

M^{me} France Gélinas: I'm fully aware.

Dr. Bob Bell:—with an incremental allocation of \$22 million in 2015-16 and \$24 million allocated for 2016-17. If we look at CINOT, the funding in 2014-15 that you asked for was \$15.8 million.

Hon. Eric Hoskins: That's the treatment, that component, yes.

Dr. Bob Bell: Yes, this is for the Children in Need of Treatment. That included the expansion funding within the public health units. The number of children treated, I'm not sure I can provide you with right now, but we have that data. If you're looking at the expenditure for CINOT, \$15.8 million has continued forward—

The Chair (Ms. Cheri DiNovo): I'm sorry, I'm afraid your time is up. Thank you very much, Madame Gélinas. Now we move to the government side. Ms. Naidoo-Harris.

Ms. Indira Naidoo-Harris: Chair, my question is for Minister Damerla. Minister Damerla, as you said earlier, an ounce of prevention is worth a pound of cure. Certainly there's no area where this statement is more true than when it comes to the costs associated with keeping Ontarians healthy. As health costs continue to rise and a rapidly aging population continues to squeeze the available resources from the health sector, it is becoming increasingly important to encourage Ontario's residents to live healthier lives.

Creating an environment of wellness and prevention is an important part of keeping Ontarians healthy. Tell me, what are the main initiatives that your ministry has been rolling out to reduce the prevalence of chronic diseases and encourage people to lead healthier lives?

Hon. Dipika Damerla: Thank you, MPP Harris. That's an excellent question.

Mr. Bill Walker: You didn't say that to me.

Hon. Dipika Damerla: You have to ask excellent questions.

Currently, as you know, the ministry invests more than \$370 million annually on health promotion programs and initiatives to address the common risk factors associated with chronic disease and longer-term health outcomes.

These initiatives include healthy eating, physical activity, tobacco and alcohol use, problem-gambling prevention and maternal/pre-natal help.

Our government is building on investments to date with a focus on keeping Ontarians healthy. And I'm proud to say that we've made some great progress as of late. As I mentioned earlier in my opening remarks, our government passed the Making Healthier Choices Act, 2015, and I want to thank both parliamentary assistants, Parliamentary Assistant Fraser and Parliamentary Assistant Harris, as well as the MPP from Kingston, Sophie Kiwala, for all of your help with the Making Healthier Choices Act, 2015.

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This really is landmark legislation. It puts Ontario out in front as a jurisdiction on many fronts. On smoking, we become the first jurisdiction in Canada to move forward with regulating electronic cigarettes. We also become the first jurisdiction in Canada to move forward with mandating chain stores that sell prepared foods to post calories on menus and menu boards. The act also, it's worth noting, includes amendments to the Smoke-Free Ontario Act. For example, we've increased fines for retailers who sell or try to sell cigarettes to youth under the age of 18—doubled the fines, making our fines now the highest across Canada.

So our government feels that initiatives like these are really important, that people are more likely to reach their full potential when they lead healthy and active lives. That is why Ontario is committed to promoting healthy behaviours and preventing disease in Ontarians. You started with one old saying about how an ounce of prevention is worth a pound of cure, and I think the one that I like best is, "Health is wealth." We all recognize that, and it's the basis of our social prosperity, so I'm really pleased with the focus that we are putting on health promotion. Thank you.

Ms. Indira Naidoo-Harris: Thank you so much, Minister Damerla, and I want to commend you on these initiatives, actually.

I would like to find out a little bit more about some of the things that you're rolling out, but I'm particularly interested right now in just what kind of reception you're getting from people out there. How are some of the initiatives you're moving forward with being received by people, and what's your sense—this suggests to me that there's a shift in thinking in health care.

Hon. Dipika Damerla: Two examples that I want to use—there are so many people I meet who ask me, "So when am I going to see those calories on the menu board?" I feel that in government we do many things, but there are some things that really resonate with the public, and certainly the whole idea of posting calories on menu boards is one that is really resonating with Ontarians. I've lost track of the number of times friends and family and my constituents have either tweeted to me or sent me pictures from New York, saying, "Here, it's already in New York. When is it coming to Ontario?" In fact, Minister Coteau was in, I think, California recently and

he also sent me a picture. So really huge excitement on this particular initiative, and it's something that tells us that we are moving in the right direction.

The other one that's really resonating is the Healthy Kids Community Challenge. Again, I alluded to that earlier. I was in Oshawa, and it was fascinating because I went to make this Healthy Kids announcement and they had about 20 or 30 children waiting for me there. You know, the level of questions that they asked me—they knew that Oshawa was getting \$1.2 million. They wanted to know exactly how much \$1.2 million was. They knew it was for children and they were so excited by the idea that this was money for them. So, again, that's another example of an initiative of ours that is really, I think, resonating with Ontarians.

And of course, you know the excitement that the youth had, and I want to share the credit with Madame Gélinas, when we banned flavoured tobacco. I mean, they were so excited. They hosted a tug-of-war with, I guess, the tobacco side losing, and then they came and gave both you and me a plaque, and it was their leadership, their involvement. They showed ownership and they really felt that the government came through for youth.

So I really believe that health promotion is something that Ontarians deeply care about. I think these three examples give you a flavour of how they are resonating, and we're really excited and we look forward to continuing to move the needle.

Ms. Indira Naidoo-Harris: Thank you so much for that. I want to tell you that just in my own household I've seen that this has had an incredible impact on our family. My daughter, who is 16, is now reading every label that comes along and is very concerned about what she's eating. She has become a vegetarian and now a vegan, so that labelling is even more important.

But, you know, with busy families, we find that there are endless options sometimes for unhealthy fast food that are out there, and frozen or processed foods. These things save time and we all find ourselves at times being moved towards perhaps taking one of these options. How can the government, do you think, make a difference and encourage people to make healthier food choices?

Hon. Dipika Damerla: Thank you. That's an excellent question, because I think that's something that we all struggle with at some level. We all lead very, very busy lives. We live on the run. It's very tempting to, I guess, grab the closest snack that there is. So we in government have been working and we've come up with some really, really innovative things that we are working on.

I know I've talked at length about the fact around getting restaurants to post those calories. I really think that's going to be a game changer. Two things are going to happen. One is that people are going to make those healthier choices. Somebody like me is still going to order the Iced Capp; I'm just not going to have it three times a day. I think you're going to see that with people going to Starbucks or whatever it is, they will still order what they want, but maybe a small size.

But the second thing that I think will happen—and in jurisdictions where this has been legislated, it has already

happened—is that the formulations that the restaurants have of their food will become healthier. Nobody wants to post 1,000 calories next to their muffin, so really, the idea of the healthier choices is going to come through.

But I don't want to leave the impression that this is the only thing the government is doing, so if you'll indulge me, I'm going to also just remind everybody of some of the other initiatives that this government is working on.

The first one is the Northern Fruit and Vegetable Program. We can only imagine, as hard as it is for us to live and eat healthy food living in southern Ontario, where you have access to food from, I guess, South America, so that you get fresh fruit, fresh tomatoes year-round. But it wasn't so long ago that we didn't have access to fresh food year-round. In the north that continues to be an issue.

That's why the government has the Northern Fruit and Vegetable Program, which increases awareness of and consumption of fruit and vegetables for elementary and intermediate school-age children in three northern regions. It does so by providing no-cost fresh fruit and vegetables in combination with healthy eating and physical activity education. Expansion in 2014 doubled its reach to more than 36,500 students in 194 schools, including 6,600 aboriginal students. I hope that MPP Walker is making note of these numbers, because I know he likes them all to add up.

The healthy eating and active living initiatives offered by aboriginal health access centres and the Ontario Federation of Indigenous Friendship Centres provide culturally tailored, culturally appropriate health promotion and chronic disease prevention programming, with an emphasis on increased opportunities for physical activity and healthy eating, which leverages traditional aboriginal practices and teaching approaches. In 2014-15, over 4,200 people participated in healthy eating and active living programming proposed by the aboriginal health access centres.

The public health units deliver public health programs and services, which include promoting healthy eating, healthy weight, physical activity, tobacco-free living, and healthy growth and development. Diabetes prevention initiatives delivered by our public health units and our aboriginal health access centres and community health centres provide programs and supports to address modifiable risk factors associated with type 2 diabetes such as physical inactivity and unhealthy eating. They also drive behaviour change among individuals who are at higher risk for developing type 2 diabetes, in order to prevent or delay the onset of this disease.

EatRight Ontario, which is operated by Dietitians of Canada, offers email and toll-free telephone access to registered dietitians. In 2014-15, they responded to 18,200 calls and emails, and there were two million visits to their website.

Healthy Eating in Secondary Schools Grants was a one-time funding program which provided in January 2014 for innovative projects that changed the food culture in schools and complied with the Ontario school food and beverage policy.

The Fresh from the Farm: Healthy Fundraising for Ontario Schools pilot, which represents collaboration with the Ministry of Education, OMAFRA, Dietitians of Canada and the Ontario Fruit and Vegetable Growers' Association, is a new approach to fundraising in schools by selling Ontario-grown fruits and vegetables.

I hope that gives you a flavour of just some of the programs our ministry is delivering.

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Ms. Indira Naidoo-Harris: Absolutely. In fact, in my riding there is a program under way right now where we have—I can't remember the name of the program. We have young children after school—it's an after-school program where they go in, and it's not just eating locally and vegetables produced locally, but learning how to prepare them. The great thing about the program is that they're not just learning how to prepare foods in a certain way, they're learning about all kinds of different types of food and preparation, so different country preps and so on, and learning to rediscover food, really, and rediscover healthy food. So thank you so much for that.

I'd like to get back to your comments about the menu-labelling legislation and how important that is. Can you tell me a little bit about what some of the key elements of that legislation are?

Hon. Dipika Damerla: Yes. That's an excellent question, again, because I think the devil's in the details. The ministry has worked really, really hard with our stakeholders to work through the nitty-gritty of exactly what is going to be labelled and what our expectations are. I'm happy to give you a sense of the direction that we're going.

Our government has heard loud and clear from Ontario parents; they want information and support to help keep their children healthy. That's why our government passed the Making Healthier Choices Act, because we want to help Ontarians make healthier food choices by giving families the right information at the right place and the right time.

I'm proud to tell this committee that this legislation makes Ontario the first province in Canada to require chain restaurants to post calories on menus as part of the Making Healthier Choices Act. Our legislation was developed following consultations with the food industry, health sector and parents.

Specifically, it will require calories for food and beverages, including alcohol, to be posted on menus and menu boards in restaurants, convenience stores, grocery stores and other foodservice premises with 20 or more locations in Ontario. It will require foodservice premises to post a contextual statement regarding daily calorie requirements.

I think that contextual statement is really, really important. It goes back to the idea that three Iced Capps a day are 2,100 calories. If the contextual statement says that your daily recommended intake is 2,000 calories, I think that gives people pause to say, "Wait a minute, this would be my entire day's calories."

It will authorize public health inspectors to enforce menu-labelling requirements and prohibits municipalities

from creating bylaws to require additional nutritional information to be posted on menus and menu boards. This avoids a patchwork of different menu-labelling requirements in different municipalities by levelling the playing field for businesses operating in multiple municipalities across Ontario. By implementing legislation to require the posting of calories on menus and menu boards, Ontario will raise public awareness about the calorie content of foods eaten outside the home, and I think that's really, really important—raising public awareness.

I know Madame Gélinas did an excellent job in the Legislature during one of our discussions when she read off a whole list of different food items and the calories. I can't remember whether it was a Subway sandwich that can pack 1,200 calories to 2,000 calories. Just having that awareness—

The Chair (Ms. Cheri DiNovo): Ms. Naidoo-Harris, you have about five minutes left.

Hon. Dipika Damerla: For me, I think my—

M^{me} France Gélinas: The tuna melt.

Hon. Dipika Damerla: Sorry?

M^{me} France Gélinas: It's the tuna melt at Subway that has 1,800 calories.

Hon. Dipika Damerla: Thank you, 1,800 calories. We think that it's a healthy—and some salads hide a number of calories as well. Personally, for me, the one that shocked me was when I learned that a small Cinnabon is 1,000 calories. That's every bite—I mean, how many bites is a Cinnabon? Four? So every bite is 250 calories. I think that kind of awareness is really, really important—

Interjection: The minister knows her calories.

Hon. Dipika Damerla: It's just going to make it easier for people to make healthier choices when dining out. It will encourage industry to offer healthier items and reformulate high-calorie menu items. This will create a more supportive food environment that will make it easier for Ontario families to choose healthy foods.

I'd also like to note that this legislation does give the government the authority to add additional nutrients, including sodium, to menu posting requirements in the future through regulation, and we remain open to reviewing additional information.

Ms. Indira Naidoo-Harris: Thank you for that. I just want to add that the notion of having these calories and labelling posted is helpful for everyone, but I know it works towards reducing child obesity also.

We went into a lot of the details, but if you don't mind, just going back to outlining for me—this is really an initiative that's about changing the way we look at health care and improving the overall health of Ontarians. These initiatives are really about not just crisis care and care in facilities and when people wind up in hospitals, but it's about looking at how we can perhaps slow down the process when people arrive in hospitals and wind up needing crisis care. Just finally, your thoughts on that?

Hon. Dipika Damerla: I couldn't agree with you more. I think the beauty of this particular legislation is that it's not about telling people what to do. We all know we need to eat right. We've gotten that message, I

think—most of us have. I think this is about empowering Ontarians. This is really giving people that ability to make the choice, to make healthy choices.

I think it's a real shift from just saying, "You have to eat healthy; you have to exercise," to making it easier for people to eat healthy. It is about changing the environment so that it becomes easier for people to eat healthy or to exercise. I think where you'll see the government moving in terms of some of our initiatives is, what can we do to make it easier for Ontarians to be healthy?

My favourite example—I know, Deputy, you will indulge me, because you've heard me share this story before. I read in the Toronto Star—I believe it's Ryerson, or is it George Brown? I can't remember. At Ryerson—I think it was Ryerson—they built a new campus. When they built the atrium, they put a staircase in the middle of the building and put the library on the first floor. By doing that, what they found was that because it was a nice, large, airy atrium, and because the stairs were dead centre in the middle, a grand staircase, and because the elevators were tucked away to a side, there was changed behaviour and people were now taking the stairs to go to the library. If the stairs were not there—if it was more like Hepburn Block, where I work, where the stairs are hidden, you'd take the elevator to the first floor.

So it really is about changing the environment, about all of the things that we can do to make it easier for people to be healthy. I think the healthy choices act is a phenomenal, fantastic example of that, and we're very proud of it.

Ms. Indira Naidoo-Harris: Thank you so much, Minister Damerla. I want to thank you for these initiatives, because it really is changing the way that we all look at our health. I think it will ultimately, in the end, impact on our health care system.

While we're seeing some changes now, I think the real changes are going to come years from now, when the young people that we're talking to in the schools become older. I think it will really slow down the process and slow down the needs in terms of chronic disease care. Thank you.

The Chair (Ms. Cheri DiNovo): Thank you. We are now going to move on to the official opposition: Mr. Yurek.

Mr. Jeff Yurek: I'm just going to ask a few questions, and then I'm going to turn it over to Mr. Walker.

To the associate minister: Just questioning your statement on long-term-care home wait times—I have a chart here, and it's provided from the Ministry of Health and Long-Term Care. It spans the time frame from 2003 to 2012-13. To me, wait times from hospital have gone from an average of 24 days in 2003-04 to an average of 65 days. The average wait time from home has gone from 86 days to 111 days.

You're claiming you've cut those wait times by 45%. Are you able to share your information? I know sometimes you can pick and choose data to suit your argument. This data is from your ministry. It looks like it skyrocketed by 2008-09, and it's starting to come back

down, but it's still higher than it was 10 years ago, and the wait times for hospital seems to be trending in the wrong direction. They seem to be increasing over the last few years.

Do you have an explanation on what the difference is? Will you share all your data, and how you achieved your numbers for the past 10 years, with this committee?

Hon. Dipika Damerla: I'm delighted to share that. Before I go ahead and share the numbers—in fact, these numbers are from Health Quality Ontario. These are not ministry numbers. You don't have to take our word for it. This is—

Mr. Jeff Yurek: This report is from Health Quality Ontario, too.

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Hon. Dipika Damerla: Yes. The thing that I do stand corrected on is that I should have been comparing it from 2008-09 when, in the community, wait times were 190 days and now they're down to 116 days.

Mr. Jeff Yurek: Right. So your earlier statement—you want to correct your record that it wasn't—

Hon. Dipika Damerla: Yes. I corrected—

Mr. Jeff Yurek: —from our last government. I think your quote was, "Your last government, your wait times were outrageous."

Hon. Dipika Damerla: Let me correct that.

Mr. Jeff Yurek: Okay.

Hon. Dipika Damerla: The last government did not—

Interjection.

Hon. Dipika Damerla: No, no. The last government did not collect wait time information. So we have no idea—

Mr. Jeff Yurek: But that wasn't the question.

Hon. Dipika Damerla: Let me finish.

Mr. Jeff Yurek: No, let me finish. The time was actually 66 days, spiked to 190 and now down to 111. So, really, wait times under your government have worsened for long-term care.

Hon. Dipika Damerla: I do correct my record, but I think it's important to say that it's impossible to compare our record to yours because the previous government—

Mr. Jeff Yurek: I'm comparing it to wait times for people waiting to get into a long-term-care home—

Hon. Dipika Damerla: Let me finish.

Mr. Jeff Yurek: —over the last decade.

Hon. Dipika Damerla: Okay.

Mr. Jeff Yurek: Because we're not government anymore. We haven't been government for over a decade. We can't fix our previous record, but you guys are still accountable for each and every year of the last decade and two years, and the trends are going the wrong way.

Hon. Dipika Damerla: Right. I'm going to finish my thought if you will allow me. It's impossible for us to compare our record on wait times with the previous government because the previous government did not record or measure wait times. It is true that wait times did increase, but since 2008-09, we've made a concerted effort

in reducing wait times and you can see that it's declined from 190 days to 116 days.

Mr. Jeff Yurek: Except in hospitals it has increased. Hospitals have gone from 49 to 65. So you're looking at almost a 30% increase, plus—

Hon. Dipika Damerla: When you combine them both together, you would see an overall decline in our wait times.

Mr. Jeff Yurek: You should look at them separately. Wouldn't you agree that people waiting in the hospital have a higher cost to our health care system? That's a little more of something to be targeting, whereas people waiting at home you can help out with cheaper care through community care access. It's 10 times cheaper to provide services at home than at the hospital. Wouldn't you think that you would want to keep those two separate and try to work on the more expensive cost to the system to be declining instead of heading in the wrong direction?

Hon. Dipika Damerla: So the way the CCACs determine eligibility and prioritize—

Mr. Jeff Yurek: No, my question wasn't about eligibility of CCACs. It's a straight question. Wouldn't you want to focus on the higher cost of our health care system where people in the hospitals are waiting for long-term-care beds?

Hon. Dipika Damerla: I'm going to answer your question. The CCAC determines the priority list and includes people who are in hospitals and people who are in the community, and it's up to the CCAC, on a very evidence-based basis, to decide who gets that highest priority to go into a long-term-care home—

Mr. Jeff Yurek: So you just give CCACs a blank cheque, and if they screw up, they screw up?

Hon. Dipika Damerla: We don't give them a blank cheque. They have protocols, and if you will bear with me, I would actually like to go through that protocol because I think it's really important to understand—

Mr. Jeff Yurek: No. We know the protocol. We don't need—

Hon. Dipika Damerla: I think it's really important, Jeff—

Mr. Jeff Yurek: We're dealing with estimates and numbers and not the protocol.

Hon. Dipika Damerla: Let me answer the question.

Mr. Jeff Yurek: So back to my next question, and maybe you could enlighten me on this. I was visiting some long-term-care homes in London, where I'm glad you're going to open new residences. There was a regulation change that if a patient is in a long-term-care home and has to go to the hospital for medical treatments—and patients in long-term-care homes are more complex nowadays—if that exceeds 30 days, then they lose their bed. It used to be 60 days, I believe, and your government has cut it back to 30 days.

So with the higher increase in complex care, patients are returning back to the home as quickly as possible so they don't lose their bed because the wait times, which you've just mentioned, are going in the wrong direction. Why did your government cut back on that time period to

be away from the bed when we know that beds are in short demand and complex care has increased?

Hon. Dipika Damerla: I'm going to ask the deputy to respond to that.

Dr. Bob Bell: That's to ensure that the beds are being utilized at their—you know, they don't like to see an empty bed. We don't like to see an empty bed. The other issue is, there is some flexibility in that.

As a practitioner, if I had contacted the long-term-care home of a patient who had come into hospital with a fractured hip and said that this patient will be able to return to their bed, maybe not exactly in 30 days but in 45 days, the operator would often be able to accommodate that and would plan in advance. So it's not such a tight regulation that at 31 days the bed is given up.

The other thing is, there's a turnover of beds within long-term care. The increased acuity of residents living in long-term care has resulted in shorter length of stay. People are being admitted to long-term care at a more appropriate point.

Some of the reasons why we've asked long-term-care operators to not hold beds vacant is because of this increased turnover: There is more availability when patients are ready to return from hospital.

Mr. Jeff Yurek: Can you confirm with me that there's that flexibility? Can you give us the policy that allows for that flexibility? Because I'm hearing reports that there is no flexibility in that, and it's quite concerning.

Dr. Bob Bell: My experience is that there is flexibility. Just speaking as a practitioner, I've seen that happen.

Mr. Jeff Yurek: You've seen it, but there's no policy that allows for that flexibility. I've seen administrators within the LHINs and CCACs be pretty strict on what the government sets out as policy. Can you send me a confirmation that that is indeed happening?

Hon. Dipika Damerla: If I can just say something, though: At the end of that hospital stay, if the person is deemed to be a priority, they are on priority placement. It's not like they go to the bottom of the list. If they are deemed to be in crisis or they are deemed to be a priority placement requiring the highest-priority placement in a long-term-care home, then they are on that priority list. It really is needs-based.

Mr. Jeff Yurek: However, they lose their bed in that home, and they might not go back to that home, right?

Dr. Bob Bell: They go on a readmission list, and they are placed at the top of the waiting list for admission to that home.

Mr. Jeff Yurek: But they still may be stuck in hospital, so there's that. But if you can send me the policy that allows that flexibility, I can assure the residents in my long-term-care homes that that is flexible policy and not stringent. I think that what you think is happening, from your experience, isn't happening throughout Ontario.

Bill?

Mr. Bill Walker: Thank you. I'm going to go back a little bit to what we were talking about earlier. I'm just going to ask, very simply, if you can provide a break-

down of the redeveloped beds—you've made a commitment to a number of beds—and how they will be built and when. I'm not holding you to account that every bed has to be on that day, and opening that day. But you either have a plan and you know how you're going to get to that 30,000 you committed to, or you don't have a plan, and that makes me very concerned. But if you can share both the redeveloped beds and timelines and the new beds and timelines, that will give me and the people of Ontario a sense of comfort—or not—that you know what you're doing.

I want to turn my attention to 2008. The government's Sharkey report identified the need to increase the level of care in long-term-care facilities from current levels to four hours per person per day. The Ontario Association of Non-Profit Homes and Services for Seniors has been telling you for years that long-term-care facilities are facing a crisis in meeting the growing needs of seniors, and called on you to fulfill your promise of increasing the level of care in long-term-care facilities. Can you tell me what was the amount budgeted for those improvements?

Hon. Dipika Damerla: Sorry, the amount budgeted for which improvements?

Mr. Bill Walker: For improvements to the non-profit homes and services for seniors.

Dr. Bob Bell: I can fill in for a moment, Minister.

The Sharkey report, as you know, came at a time when we were providing about 3.1 hours of care per day on average. The recommendation was to increase that to as high as four hours. It's currently at about 3.5 hours of care a day, when we look at all the various elements of care that are provided under the NPC budget line, the PSS budget line and under extra services provided by Behavioural Services Ontario.

Nancy will confirm: I think we're up to 3.5 hours a day on average.

Ms. Nancy Naylor: Yes.

Mr. Bill Walker: So if you're at 3.5, but the recommendation was four—again, from a logistical—when will we get to four, and why isn't it at four?

Hon. Dipika Damerla: I want to clarify that the recommendation was not four. In fact, the Sharkey report did not endorse implementing a minimum staffing standard for long-term-care homes.

I'm going to quote directly from the report: "We are not persuaded that simply establishing a minimum staffing standard will fully address quality of care of residents."

I further quote: "We are convinced that the complexity of determining staffing requirements related to residents' quality of care and quality of life requires a comprehensive approach beyond setting staffing ratios and staffing standards."

I think it would be fair to say, MPP Walker, that all of us want to ensure that the residents in long-term-care homes get the care they deserve. The government's approach is to have a tailored approach. The way we fund the long-term-care homes is based on the unique acuity of each resident. What some other people are suggesting

is one-size-fits-all, so everybody gets four hours, regardless of whether you need four hours or not—

Mr. Bill Walker: Do you feel that you're meeting that need currently?

Hon. Dipika Damerla: Yes.

Mr. Bill Walker: Fully meeting the needs of the seniors?

Hon. Dipika Damerla: Absolutely, because the long—

Mr. Bill Walker: Thank you.

Hon. Dipika Damerla: Let me—okay.

Mr. Bill Walker: No, that's good. If you feel you're meeting it, that's all I want to know.

Hon. Dipika Damerla: Okay.

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Mr. Bill Walker: The Ontario Association of Non-Profit Homes and Services for Seniors approached you on this issue in the last year in regard to missing some targets and some of the challenges. They told you \$385 million was needed to get some of the needed work done. Your budget did not include that money at all. Can you tell us again why you would ignore that when they've actually done the study, they're working in partnership with you and they provided you something very black and white, and you did not include any portion of that \$385 million?

Hon. Dipika Damerla: I cannot speak to their calculations. What I can speak to is the fact that every single year, we have increased funding for the nursing component and the personal needs component of long-term-care funding. This year, we increased it by 2.5%. So we have been increasing funding.

But again, I come back to that fundamental principle of a tailored approach. I think that's what Ontarians want. Ontarians want for their loved ones to get the tailored care they require. If that's six hours of care, so be it. If it's seven hours of care, so be it.

The long-term-care act very clearly says that every resident should have a care plan. That care plan is to be written in such a way that it adheres to the minimum requirements of the long-term-care act. Based on that, the homes are expected to provide the levels of care. So it's a very tailored approach based on the unique needs of every single resident, as opposed to a one-size-fits-all approach.

We didn't do this without expert advice. We did consult with the Sharkey report, and I'm happy to quote again from the Sharkey report, "We are not persuaded that simply establishing a minimum staffing standard will fully address quality of care of residents." In this context, it's really important to note some of the significant investments we have made. Since coming to office, we have increased by almost 95% the operating funding of long-term-care homes. That's a huge increase—

Mr. Bill Walker: So it's a good point. However, Minister, as we know, with most of these types of operations, the bulk of those increases go to wages and to benefits and to retirement programs, not to getting more people through the system, not to getting more care

through the system. I'm pleased to hear that you gave that 2.5%. What I'm not pleased with and what I hear from my constituents in my riding and across the province is that they still have wait lists. They're still not getting the care that they believe they're entitled to.

I'm going to switch gears a little bit. After promising but failing to fix the squeeze in long-term-care and hospital beds, your government made another promise to defuse the situation. It promised to help seniors get care right in their home and in their community. Again, I'm going to ask very directly: What targets have you set for delivering restorative and rehabilitative services, and what are your actual numbers?

Hon. Dipika Damerla: I believe that question might be better answered by Minister Hoskins, so I'll turn that over to him because it falls in his bailiwick.

Hon. Eric Hoskins: Yes. I'm going to kindly ask you to repeat that. I heard it, but—

Mr. Jeff Yurek: You thought you were done.

Hon. Eric Hoskins: I thought I was off the hook? No, not at all. I was listening intently.

Mr. Bill Walker: I was kind of hoping, Minister, that you would say, "That's a good question, Bill." What are your targets you have set for delivering restorative and rehabilitative services, and what are your actual numbers?

Hon. Eric Hoskins: I know that you've got a particular interest in this because of the Chesley restorative care unit. We're currently reviewing that along with others in the region.

The Chair (Ms. Cheri DiNovo): Just a reminder: You have about five minutes left, Mr. Walker.

Mr. Bill Walker: Thank you.

Hon. Eric Hoskins: So, in fact, part of what we're doing—

Interruption.

Hon. Eric Hoskins: Is that something that I can use? Okay, sure.

Mr. Bill Walker: Whew. Just-in-time delivery.

Hon. Eric Hoskins: What this is telling me if I'm reading it correctly—I'm trying to read the handwriting—is \$11 million per year for three years that we've budgeted to assess and restore, and that begins in the 2014-15 fiscal year. We've also budgeted an additional \$1.5 million for fall prevention. In terms of the number of beneficiaries that that would reflect, I'd be happy to talk to my ministry to see if we could dig up some specific figures on that, as well.

Mr. Bill Walker: Great.

Hon. Eric Hoskins: But you raise an important question, because to be honest on this—to be fair, is probably a better word—the work that's currently being done with regard to Chesley, and the other similar units in the geographic catchment area, partly came about through a recognition and an understanding that some of the work that is currently being done by those short-stay units, which is entirely appropriate, has significant impact on the individuals and their families that we're talking about to prepare them for that transition back

home. We have learned that, in many parts around the province, that support is in fact—because of innovations and changes in technology and the ability to support more complex patients in the community, much of that care in much of the province is in fact being carried out through our CCACs and not in independent—or facilities that may be within or associated with the hospital.

In the case of Chesley—and in fact we were alerted to this in part when we were looking at Chesley, which, as you know, was slated for closure—I asked our LHIN and the hospital to pause on any decision so we could do a proper assessment and review, not just of Chesley but of the surrounding ones, as I referenced.

Mr. Bill Walker: No, it should be across—I mean, I share with you that I think it should be a model for the actual province, because I think it is delivering what you wanted it to deliver.

Hon. Eric Hoskins: And this review gives us the opportunity to actually make such an assessment.

Mr. Bill Walker: Great, and I think I'm going to almost be out of time so I'm just going to ask a real quick one here.

One of the targets you set in your Ontario's Action Plan for Seniors, launched in 2013, was to provide home care for 90,000 more seniors. Did you hit this target? What was the financial target to achieve this target?

Hon. Eric Hoskins: You're asking great questions. I think my job is probably to anticipate that a number is approaching from behind me, but—

Interruption.

Hon. Eric Hoskins: There it is. That's pretty quick. Look at that.

Mr. Bill Walker: Ask and you shall receive.

Hon. Eric Hoskins: So I'm not exactly sure what I'm looking at here.

Dr. Bob Bell: This is the increase in the home care funding.

Hon. Eric Hoskins: Yes. So, I mean, I can talk about the increase in the home care funding, but I know that you're specifically interested in the target for an increased—

Mr. Bill Walker: Yes. You said as a government, in your plan, that you would provide home care for 90,000 more seniors, so, again, I'm trying to follow a trend here that if you're saying these things, you should have an actual plan of how you're going to get there. Where are you on it? How much did you budget and how close to that budget are you?

Hon. Eric Hoskins: On the budgeting side of it, our budget for home and community care: I think it's actually, and this is surprisingly lower than I had imagined when I saw, not the budget, but in terms of the demographic breakdown, about 60% of those who receive home and community care who are in fact seniors. So it's important to recognize that. But what I'm talking about is the global budget for home and community care over the years, and that—

Mr. Bill Walker: Minister, if I could, though, it's very specific. You said 90,000 more seniors. I just want to know where you are. Did you get to that 90,000? You set a number—

Hon. Eric Hoskins: While we can certainly get you that data, I suspect we are now somewhere between—I mean, the ministry will be able to provide the actual figure. Certainly in excess of 600,000 Ontarians are receiving home care in the province as of this fiscal year. If you make the extrapolation that roughly 60% of those are seniors, that gives you an idea of—

Mr. Bill Walker: But you said 90,000. I'm expecting you, when you make a number like that up, when you promise Ontarians—how many of those 90,000 actually got the care that you promised them? That 90,000 is not my number; it's your number.

Hon. Eric Hoskins: I know. But I've also committed to getting you that number. I think you need to be fair as well.

Mr. Bill Walker: Okay, fair enough.

The Chair (Ms. Cheri DiNovo): And we are going to have stop it there. Thank you all. This committee stands adjourned until tomorrow at 3:45.

The committee adjourned at 1758.

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Staff / Personnel

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Research Services

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First Session, 41st Parliament

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Wednesday 28 October 2015

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Mercredi 28 octobre 2015

**Standing Committee on
Estimates**

Ministry of Energy

**Comité permanent des
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 28 October 2015

Mercredi 28 octobre 2015

The committee met at 1551 in room 151.

MINISTRY OF ENERGY

The Chair (Ms. Cheri DiNovo): Good afternoon. We are here to resume consideration of the estimates of the Ministry of Energy. There is a total of one hour and 27 minutes remaining.

When the committee last adjourned consideration of the 2015-16 Ministry of Energy's estimates on October 21, the third party had the floor with six minutes and 32 seconds remaining in its rotation. Mr. Hatfield, please proceed.

Mr. Percy Hatfield: Thank you, Madam Chair. Good afternoon. Good afternoon, Minister.

Minister, a couple of weeks ago you wrote to the warden of the county of Essex, saying that there will be a 13-kilometre transmission line and new transformer station coming near Leamington, but it won't be there until 2018.

I talked to the mayor of Leamington and the warden of the county. They assured me there's a strong business case, the economics are sound, the demand is there and it will pay for itself in no time at all. They're losing industry to Ohio because they have available energy. They want to know why the delay and what can be done to expedite the project.

Hon. Bob Chiarelli: Welcome to estimates, MPP Hatfield. I certainly appreciate the question. I, my staff, IESO and Hydro One have been on that file working with the community for well over a year now.

The good news is that the greenhouse growers' business is expanding by leaps and bounds. I smile every time I walk into a supermarket, certainly in my community, and see Ontario or Canadian produce. A lot of that is coming from the greenhouse growers. We know that they're marketing to the US and exporting to the US.

The challenge has been for the system to catch up with the infrastructure, to that type of demand. Yes, we've had meetings. At the last AMO conference, Gary McNamara, the mayor of Tecumseh and president of AMO sat down with Premier Wynne, myself and some of our staff. We did an analysis of the challenges. Collectively, we undertook to expedite things as quickly as possible.

You may be aware that on July 16 Hydro One did receive leave to construct the transmission line and transformer work that had to be done. It has been approved.

The issue now is the process moving forward. I know that there have also been some subsequent discussions with myself and Mr. McNamara with the IESO. The IESO has suggested a number of ways to expedite that date. I think there's a strong consensus that we're going to do much better than that 2018 date that you alluded to. That was the original date. Work is under way now to accommodate the urgency of the situation.

I'm going to pass it on to Michael Reid, our ADM, just in a moment, but this is a complex file. I'm very, very willing to arrange, hopefully by the end of next week, for you and any of your caucus members to meet with the IESO and somebody from my office to get a 100% briefing on the status of that particular file.

With that, I'll pass it over to ADM Michael Reid.

Mr. Michael Reid: I'm Michael Reid, assistant deputy minister at the strategic network and agency policy division of the ministry.

As the minister has mentioned, this has been a project that we've been working on for quite some time to help support the load growth in the area. As the minister has mentioned, there's been a lot of thought about ways to accelerate the project.

The one thing that I'd mention, in addition to the comments from the minister—he noted that the leave to construct was issued by the Ontario Energy Board which now allows Hydro One to begin the process of constructing the line and the transformer station. In recognition of the fact that this infrastructure is needed, what the Ontario Energy Board did is—normally, when they would make a leave-to-construct decision, they would be approving the construction of the line, but they would also be figuring out the cost allocation.

I think what the Ontario Energy Board said in this case is that the cost allocation may have been the more interesting hearing that they were going to have to undertake. So they separated out the two and said, "Given the urgency, you can begin constructing the line." Then, they basically broke it up into a two-phase process where the second phase will begin—that second order of figuring out the proper allocation of project costs.

I think in that instance, it was the entire sector working together to move the project forward and allowing Hydro One to eventually get into the construction of the infrastructure.

Mr. Percy Hatfield: Thank you. I'm not sure how much time I have left, Madam Chair.

The Chair (Ms. Cheri DiNovo): About a minute and a bit.

Mr. Percy Hatfield: A minute? I don't know if I can even ask my next question in a minute. I'll try.

From the Hydro One prospectus, we see a bunch of closing transactions: the \$2.6-billion departure taxes paid, \$2.6 billion in share equity is issued to the government, there's the transfer of Hydro One Brampton to the government and there are recapitalization transactions. After all these transactions are completed, we see that Hydro One's book equity increases from \$7.913 billion to \$9.386 billion. Last year, the OEB allowed Hydro One to claim a return on equity of 9.3%, but after these closing transactions Hydro One's equity will increase by almost 20%. Does this mean Hydro One's OEB-regulated profits will also rise in order to maintain a similar rate of return on equity?

Hon. Bob Chiarelli: It doesn't leave a lot of time to answer. We're going to have time to come back to you again and we can hold that question for the next round. You might even have to repeat it because some of us are getting a little bit—

Mr. Percy Hatfield: That will eat up all my next round's time.

Hon. Bob Chiarelli: It's a very, very complex issue. I will say that a lot of the issues or the facts that you referred to in your question were the subject of very, very detailed discussion with your colleague, MPP Peter Tabuns. We did go through a lot of that, but we're happy to take another run at it—

The Chair (Ms. Cheri DiNovo): Thank you. I'm sorry. Time is up for the third party. We will move on to the government side, Ms. Kiwala.

Ms. Sophie Kiwala: Minister, the members from the PC Party have been quite critical of electricity exports throughout the committee process, and we've heard numerous questions about this subject in question period as well. As a new member, I find the process quite fascinating, and I'm wondering, just for further clarification, if you could let us know what the rationale behind electricity exports is and what the PC stance was on this when they were in government.

Hon. Bob Chiarelli: Thank you, MPP Kiwala. There are some complexities to the issue. I know that the member from Renfrew–Nipissing–Pembroke has raised that issue on a number of occasions in the Legislature. He's raised them here in estimates. I was hoping that he would be here today to receive the clarification, but since this might be the last day of estimates, we'll go ahead—

Mr. Todd Smith: He'll be here later.

Hon. Bob Chiarelli: —and we won't have to listen to his soliloquy premise to his questions today, but they're always very entertaining.

I'll just go through briefly to try to fill in the answers to the question. First of all, the electricity system is planned to meet peak demand which can, from time to time, lead to excess supply during unexpectedly low-demand periods. In other words, if it's not peak period, there is capacity that is not being used in the system.

We've got the infrastructure for it and we've got the triggers to ramp up, but if there is not peak demand, then opportunities present themselves.

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During these times, Ontario exports to our neighbours when we have available power, and we are also able to rely on imports of power from our neighbours when it's cost-effective for us to do so. Exports reflect the prevailing market price and are scheduled when it's economic for Ontario. The IESO estimates that the benefit to Ontario from electricity trading in 2014 was approximately \$320 million. Ontario does not build additional capacity to export; we build capacity to meet Ontario's needs and sometimes, in the operation of the system, there's the opportunity to export that power.

Exporting electricity is good for Ontario, both financially and for system operability. All interconnected electricity markets export and import electricity, including our neighbouring jurisdictions. Across North America, there's a collection of connected "cells," I call them, in the sense of a collection of operating systems. They're governed by law, in terms of co-operating, importing and exporting electricity, and helping each other with reliability.

In our system, we're connected to Manitoba, Michigan, New York state, New England, Quebec and I think there might be one other one in there. We're bound by agreement and by legislation to co-operate with each other, to buy and sell electricity and we're required, actually, to export in cases of emergencies in our adjoining jurisdictions.

Electricity trading provides additional grid reliability and is consistent with our goal of providing a clean, reliable and affordable electricity system for all Ontarians. Electricity exports bring revenue to Ontario that we would not otherwise receive. In other words, we're using unused capacity. That reduces costs for Ontario consumers, which should be pretty plain. Any export revenue is beneficial to Ontario electricity consumers by helping to keep costs down.

Electricity exports bring revenue to Ontario that we would not otherwise receive, which reduces costs for Ontario consumers. As a matter of fact, the member for Simcoe–Grey, the former PC energy minister, said the following, back when he was the Minister of Energy—this is in direct response to the member for Renfrew–Nipissing–Pembroke when he asked a question. It had to do with whether there's a profit being made or not, or how you would characterize those exports.

This is what the Progressive Conservative member for Simcoe–Grey said, when he was the Minister of Energy: "Any power we sell to the US, to Quebec, to Manitoba, or power they sell us, is surplus power. It's opportunity power. It's pure profit, in terms that it's power that otherwise would go to waste or not be generated." He also said: "If we can make money on surplus power in the United States, we're damn well going to do that."

I was hoping that the member from Renfrew–Nipissing–Pembroke would be here today, because that's

the question. He was casting some doubt on whether it's profitable for Ontario to export that again. I want to read that quote once more: "Any power we sell to the US, to Quebec, to Manitoba, or power they sell us, is surplus power. It's opportunity power. It's pure profit, in terms that it's power that otherwise would go to waste or not be generated."

With that, I'll wind up my answer to that particular question, and I think we have time for other questions.

The Chair (Ms. Cheri DiNovo): Yes. Mr. Ballard?

Mr. Chris Ballard: Thank you, Minister, for that. It's an interesting issue. He was introduced to—and this isn't my question, but just as a sidebar—an interesting app we have here called Gridwatch that allows us to watch where our power is being manufactured. It's interesting to see right now, for example, that wind power is accountable for about 20% of electricity being produced in the province, which is almost double what we need right now from natural gas. So it's interesting, how you have to balance it all out.

But the question I wanted to talk about was about phasing out coal, and the impact of the Green Energy Act on that. I know, coming from where I live, north of Toronto, sitting on top of the Oak Ridges moraine—we're a few hundred metres higher than Toronto. Starting when I was a teenager, you would look south and see the orange hue over much of southern Ontario. My father would often remark, "Wow, I'm going to be driving into that today to go to work."

As I grew up in that area, that orange hue disappeared, until I realized that it was as far north as Orillia, much of it produced by the burning of coal in Ontario's coal-fired plants, as we were told.

My sense is that phasing out coal generation in Ontario has been one of our government's biggest achievements. I know that critics have said that the phase-out was only achieved with the expanded use of nuclear and natural gas-fired generation sources. I think if we look at today's stats in terms of how much wind is producing, we can disprove that immediately. Some claim that Ontario's investment in renewable energy sources has not contributed to getting the province off coal. There are a few constituents in my riding who ask me whether or not it's true.

So my question to you, Mr. Minister, would be, how have renewable energy projects contributed to the initiative to end coal-fired generation in Ontario, reduce greenhouse gas emissions and meet Ontario's climate change targets?

Hon. Bob Chiarelli: I will answer that, but I do want to make reference to your sidebar as well, and what has happened to the air in Ontario, to the positive.

Going back eight, nine, 10 years ago, I was assistant coach to my daughter's hockey team. Pretty well every year, there were six or seven kids on the team—that many—who had asthma and were using puffers. That has almost been totally eliminated.

The last time I went into a grade 5 class, which I did regularly when I was mayor of Ottawa—they do a unit

on government. I would do my spiel, my presentation, and I would open it up for questions. They're about 11 or 12 years old, the kids in grade 5. The first question I got was about air pollution. Having been in a lot of grade 5 classes and having that experience as a coach, I decided I'd answer the question by asking a question. There were about 19 students in the class, plus the teacher. I said, "How many students in here have asthma and use puffers?" Six put up their hands, and the teacher put up his hand. He was probably between 25 and 30 years of age.

The incidence of childhood asthma has significantly diminished. I know that medical-officer-of-health-declared smog days, or bad air days, in the city of Ottawa have diminished from maybe 10 or 12 a year to virtually none. I don't think there were any in the last year. I think the many more than that that were occurring in Toronto and the GTHA have been very significantly reduced to maybe one or two a year, if even that. The benefit from having helped to clean our air by getting rid of dirty, coal-burning generation is very, very palpable.

I have in my notes here as well—and I've referred to this in question period on a number of occasions—that independent research has shown that there was \$4.4 billion per year in reduced health care and environmental costs over the course of the last four or five years. That is very, very significant.

Yes, Ontario is committed to investing in a clean, modern and reliable electricity system that reduces greenhouse gas emissions and provides cleaner air for this and future generations of Ontarians.

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Ontario's 2013 long-term energy plan includes targets for renewable energy: 10,700 megawatts for wind, solar and bioenergy to be online by 2021 and 9,300 megawatts for hydroelectricity to be online by 2025. In 2003, Ontario had 15 megawatts of wind capacity generated by 10 wind turbines. We now have more than 3,600 megawatts of wind power online—enough electricity to power almost one million homes each year. It's very relevant that if you checked the IESO site right now and found out—for the member from Renfrew-Nipissing-Pembroke—that right now 20% of our power is being generated by wind, right today in Ontario.

Interjection.

Hon. Bob Chiarelli: I'm not asking you to talk. It's my turn to talk.

Interjections.

The Chair (Ms. Cheri DiNovo): It's still the government—

Interjections.

The Chair (Ms. Cheri DiNovo): Mr. Yakabuski. Minister, continue. Thank you.

Hon. Bob Chiarelli: Your soliloquy will come later.

Ontario also has approximately 2,100 megawatts of additional contracted wind capacity that is yet to come online. In 2012, more electricity was generated using wind power than coal for the first time ever. Ontario has made significant progress in reducing greenhouse gas

emissions from the energy sector through actions that include phasing out coal-fired electricity generation and shifting our energy supply to cleaner, non-emitting energy sources. That also includes, incidentally, building significant additional hydroelectric capacity.

As indicated in the 2013 long-term energy plan, emissions from Ontario's electricity sector are expected to remain at historically low levels, largely because of reduced emissions attributable to Ontario phasing out coal-fired electricity generation. Ten years ago, Ontario relied on dirty coal for 25% of its energy and Ontario is now completely coal-free. That's like taking seven million cars off Ontario roads—the single largest climate change initiative in North America. And I've referred to the \$4.4 billion in savings.

Replacing coal with cleaner generation, renewables and conservation will reduce Ontario emissions by up to 30 megatonnes and reduce electricity's carbon footprint by 75%. Ontario has firmly established itself as a North American leader in renewable energy and in clean energy. By 2025, 20,000 megawatts of renewable energy will be online, representing about half of Ontario's installed capacity. That includes not only the renewables of wind and solar, but also clean hydroelectricity and other types of renewable capacity.

As reflected in the 2013 long-term energy plan, Ontario is currently in a strong supply position and will phase in wind, solar and bioenergy over a longer period than contemplated in the 2010 long-term energy plan. Ontario will review targets for wind, solar, bioenergy and hydroelectricity annually as part of the Ontario Energy Report.

The Chair (Ms. Cheri DiNovo): I remind the government that you have about five minutes left.

Hon. Bob Chiarelli: At this time, I'd like to ask Deputy Minister Imbrogno and ADM Kaili Sermat-Harding to add to my comments.

Mr. Serge Imbrogno: Thank you, Minister. I'll just ask Kaili to come up. She can walk you through some of the details related to the coal phase-out—what we've done to replace the megawatts, to make the Ontario system cleaner.

Ms. Kaili Sermat-Harding: Thank you very much. My name is Kaili Sermat-Harding. I'm assistant deputy minister of the Ministry of Energy's conservation and renewable energy division, and I'm happy to provide some additional details regarding the progress that we've been making.

Currently, Ontario has approximately 15,200 megawatts of wind, solar, bioenergy and hydroelectric energy online. In addition to our progress on wind, as outlined by the minister, I'm pleased to provide progress on other renewable technology in the province.

Ontario has more than 1,800 megawatts of solar photovoltaic capacity online; that represents enough electricity to power approximately 215,000 homes each year. And Ontario has contracted approximately 630 megawatts of additional solar PV capacity that will still be coming online.

With respect to hydroelectric capacity, Ontario has approximately 8,870 megawatts of installed capacity with an additional 190 megawatts of capacity under contract and still to come online.

With respect to bioenergy, there are approximately 562 megawatts of bioenergy capacity online and another 24 megawatts under contract and still to come online.

In addition, Ontario's clean energy initiatives have attracted billions of dollars of investments and have contributed to the creation of thousands of jobs across the province.

Perhaps I could turn a little bit to the actual chronology and successes as coal was phased out. Some more numbers: Ten years ago Ontario relied on coal for 25% of its energy needs. Ontario took a phased approach to eliminate coal from our electricity supply mix. By 2012, coal accounted for only 3% of Ontario's total generation. In early 2013, Ontario announced that it would cease coal-fired generation at the Lambton and Nanticoke plants by the end of 2013, one year earlier than planned, and by the end of 2013 coal generation was being surpassed by emissions-free wind generation. In April 2014, Ontario eliminated coal from its supply mix, at which time the Thunder Bay generating station, Ontario's last remaining coal-fired facility, burned its last supply of coal.

As part of the coal phase-out strategy, the government moved forward with conversion of one of the 153 megawatt units at OPG's Thunder Bay generating station to run on advanced biomass, a renewable fuel source. Earlier this year, OPG announced that the conversion of the unit at the Thunder Bay station was successful, and the unit will run on advanced biomass for a five-year term.

Advanced biomass has emerged as a leading candidate for coal plant conversions due to its favourable handling and storage properties. It's a solid biomass fuel, processed with advanced techniques. It has a higher energy density and is hydrophobic—i.e., it repels water—allowing it to withstand the elements while being stored outdoors.

The conversion at Thunder Bay was the first of its kind globally and puts Ontario on the leading edge of the emerging advanced biomass industry. Through this project, OPG has gained valuable knowledge and expertise that can be exported around the world to enable cost-effective conversion of coal plants to renewable fuels.

Turning to the Atikokan generating station in northern Ontario: It's receiving recognition as the home of a former coal-fired plant that is now North America's largest power plant fueled completely by biomass. OPG completed the conversion of the 205 megawatt Atikokan station to biomass last year, and the station is now generating electricity and helping meet local power needs in northwestern Ontario. OPG's conversion at Atikokan began in 2012, which included construction of two silos and boiler modifications to accommodate the biomass. The project employed over 200 skilled tradespeople and technical workers. Atikokan is expected to generate

150,000 megawatt hours of renewable power annually, representing enough to power approximately 15,000 homes each year.

The biomass used to fuel the Atikokan generating station is being harvested and processed in Ontario. Domestic suppliers have leveraged this opportunity to also secure contracts to provide pellets to international buyers.

More recently, in July 2015, OPG announced it will decommission the Nanticoke generating station and preserve the Lambton generating station for another year—

The Chair (Ms. Cheri DiNovo): I'm afraid your time is up now, government side. We will move to the official opposition. Mr. Yakabuski.

Mr. John Yakabuski: It's such a great feeling to be missed, and I'm glad I could make the minister's day. I got down here as quickly as I could.

I heard a little bit while I was in front of the television and a little bit while I was here. It's interesting that you're having this happy time because what I see is that we were getting 3,082 megawatts out of our wind generators here in the province of Ontario. It's like it's time for a celebration. Bring out the marionettes or whatever and make all kinds of noise because this is a great day for Ontario.

What you're saying is you're really pleased that Mexico got a hurricane. Is that it? Is that what you're saying, Minister? Because that's why we've got the wind. Mexico got a hurricane; we get some wind a few days later and we have a great moment—short lived—of production from the wind turbines.

So what do you do when the wind stops? What do we do when the wind stops and the unpredictable nature of the wind is down to—do you remember those days when we were getting three megawatts total out of our wind fleet? Yes, three megawatts. The deputy minister will remember those. He'll remember those days when we were getting three megawatts out of all of our installed capacity of wind.

Your argument actually speaks to ours: that the cost of the wind, because of its unreliability by nature, has forced us to build all kinds of gas plants to back them up. So the gas plants are there as a backstop when the wind doesn't blow. You're having a great day today, but tomorrow might be different and the next day might be different yet again. That's why we need a system that is continuously and consistently reliable, such as our nuclear fleet. Unless they're down for maintenance—some of it scheduled, some of it from time to time—the reliability of our nuclear fleet is among the best in the world. Sometimes they're down for unplanned outages, but for the most part they're down for scheduled maintenance and we can depend on that.

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But to sit back there and chortle because you've having a great day because Mexico had a bad one is, really, a bit sad. That's why we're getting the wind that we're having today. We won't have that tomorrow. If you'd like to lay odds on that, I'll be glad to put it down

on the table. But don't stand up and jump up and down and shout like you've saved the world because you're having a great day of wind today, because wind is controlled by nature. You'll have good days and you'll have bad days, but this is—

Interjections.

The Chair (Ms. Cheri DiNovo): I'd remind members to speak through the Chair, not to each other.

Mr. John Yakabuski: This is not something that you should be celebrating just because someone else had a disaster. Shame on you.

Anyway, I'm going to pass it on to my colleague Mr. Smith for now.

Mr. Todd Smith: Thanks. Just to go back to some of the questioning that Mr. Hatfield had started, I wanted to touch on the Hydro One sale again. I just wanted to clarify, Minister, that the \$2.6 billion in departure taxes—that's originally paid with taxpayer money; correct? The \$2.6 billion in departure taxes.

Hon. Bob Chiarelli: We went through the departure tax in great detail when Mr. Tabuns was asking the questions, and I'm going to refer it again to Deputy Imbrogno. I suspect the answer will be the same, but perhaps we can give him the answer.

Mr. Serge Imbrogno: So Hydro One would pay the departure tax. I'm not sure if that is an answer to your question.

Mr. Todd Smith: Right. Hydro One pays—

Mr. Serge Imbrogno: Hydro One is a corporation and it pays the departure tax. I think we've explained before that the departure tax applies to all corporations that are leaving the PILs regime, so it's not just a Hydro One tax. A municipal electricity utility, if they go private, would also pay departure tax. It's part of the income tax system, so it's not a new tax that's imposed or specific to Hydro One. It's specific to the Hydro One situation—

Mr. Todd Smith: And the money that we're talking about came from where?

Mr. Serge Imbrogno: The money comes from Hydro One. They would pay the tax.

Mr. Todd Smith: So the money that comes back to the province, though, as a deferred tax benefit—it comes back as a deferred tax benefit, correct?

Mr. Serge Imbrogno: No. I think counsel has explained before that there are two different—the numbers are the same, but they're two different pieces of it. We can get Sharon to explain that part again, because it's an unfortunate circumstance where the two numbers are the same, but they're a different calculation.

Ms. Sharon Geraghty: The deferred tax benefit that you mentioned arises out of the same set of circumstances, but it has two pieces to it. It's caused by the impact of having its assets moved up to their full market value and the addition of eligible capital expenditures to the books of Hydro One. When that happens, Hydro One's accountants look at that and they say, "As a result of that, in the future this company will have a tax benefit." So they recognize something, and they call it a "deferred tax asset."

Previously, before this transaction, there was a deferred tax liability. So the account had a liability of about \$1.355 billion—I'm going from memory. By the elimination of that liability and the addition of the deferred tax asset of—they add to \$2.6 billion; I'm going from memory, but I can quickly—I think it's \$1.45 billion. The two add to \$2.6 billion. That means that going forward, the balance sheet of Hydro One basically goes up by \$2.6 billion, but it's not the same \$2.6 billion that they actually have to pay by way of departure tax.

That payment of departure tax arises because when it leaves the tax-exempt regime—we call it the PILs regime as well. When that happens, because it gets the value of its assets written up for future tax purposes, the government collects what is called a departure tax, which is like a tax as if they'd taken all their assets and disposed of them at fair market value—that's a gross oversimplification, but it's the right way to think about it—and they'd pay a tax on the gain, if you will, and that's \$2.6 billion. The two amounts are the same, but they're different.

Mr. Todd Smith: Okay. The press release that was issued indicated the possibility that the government is including the \$2.2 billion in their total revenue of \$9 billion from the sale of Hydro One.

Ms. Sharon Geraghty: I will defer to the deputy. The \$2.2 billion is an estimate of what that change in the balance will be, the 1.355 in the balance—I've just flipped, so I don't mislead you on the numbers—which is—

Mr. John Yakabuski: It's 1.05.

Ms. Sharon Geraghty: No, I don't think so. Just a sec. The 1.355 is the elimination of the liability, and 1.245—if that's what you said, MPP, I apologize—is the addition, the recognition of the deferred tax asset.

Those two add up to 2.6, and 85% of that—which is an estimate—85% of that estimated amount is about \$2.2 billion, and that's the amount that you see referred to as one of the benefits of the transaction.

Mr. Serge Imbrogno: I think what the press release says is that the government wants to dedicate all the net benefit of the transaction to the Trillium Trust. So whether it's a cash gain or a non-cash gain, they want to credit the Trillium Trust with the full amount. The \$2.2 billion—85% of the \$2.6 billion—would be credited to the Trillium Trust, and that would be part of the \$4 billion.

Mr. Todd Smith: Are you counting the \$2.2 billion as part of the net profit from the sale of Hydro One?

Mr. Serge Imbrogno: It's considered a net gain to the province. On the province's balance sheet, it would go to reduce the deficit, so it is a gain. It's a non-cash gain, but a gain. I think, to be consistent, the government is saying that whether the gain is cash or non-cash, we're going to credit the Trillium Trust with that amount.

Mr. Todd Smith: I know when we met last week, Mr. Imbrogno, you said that the \$4 billion that we're talking about—is the \$4 billion, separate from the \$5 billion that goes to pay down the debt. Of the \$4 billion, you said that would include the \$2.2 billion.

Mr. Serge Imbrogno: That's correct.

Mr. Todd Smith: That's correct?

Mr. Serge Imbrogno: Yes.

Mr. Todd Smith: Okay. It seems that the government press release is tying the two together. So that's accurate, then, that the \$2.2 billion is included within that \$4 billion pool of money?

Mr. Serge Imbrogno: Yes. I think the press release is also saying that the government intends to make changes to the amendments to the Trillium Trust Act to ensure that that happens: Put the Hydro One shares in, and also credit the non-cash gain as well. It's intended to clarify the approach going forward.

Mr. Todd Smith: So if the \$2.2 billion that we're getting back is counted as a benefit for the province, and it comes from the departure tax—

Mr. Serge Imbrogno: No.

Mr. Todd Smith: It's not?

Mr. Serge Imbrogno: No, no.

Mr. Todd Smith: It's completely separate?

Ms. Sharon Geraghty: I'm sorry to interrupt. The departure tax is the payment of tax that the company has to make. What's happening on its balance sheet that creates the gain the deputy was describing is not the departure tax. The departure tax is a tax liability that the company will pay at the closing of the transaction. It's an agreed amount; it's fixed; it's \$2.6 billion. The other amount is an estimate, as I said.

They both relate to this write-up of assets, but they are different things in the financial statements of Hydro One. One is an actual cash outlay of tax money, and the other is a change in its deferred tax balance. It's an accounting balance in the financial statements of the company.

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Mr. Todd Smith: So in order to realize any physical money from the \$2.2 billion, which is non-cash, will the province have to borrow against it?

Mr. Serge Imbrogno: I think that's more of a question for finance, in terms of how they would credit the Trillium Trust and whether they would have to do additional borrowing or some other commitments. It's hard for me to answer that. I think that's a question for finance.

Mr. Todd Smith: Minister?

Hon. Bob Chiarelli: I'd go with that answer.

Mr. Serge Imbrogno: I think it will be part of the budget, how they move the Trillium Trust forward with the timing of outlays versus the borrowing requirements. It is a non-cash item. I leave it to finance because I don't want to give you an answer that may change with the budget.

Ms. Sharon Geraghty: The only thing that I would add to that is that it's a non-cash item. It's an addition in the assets on the financial statements of the province.

Mr. Todd Smith: What we're doing here is generating cash from the sale of Hydro One to be used for infrastructure. That's the game plan here; right? I'm just not clear if we're actually generating the cash that the government is saying that they're generating from this sale to be used for infrastructure. I know we don't know because

we don't know. We can't forecast the future. But this is \$2.2 billion we're talking about here, too. I don't understand if the province is going to have to borrow against that sum of money.

Mr. Serge Imbrogno: It is a non-cash item. It will be through the budget and decisions made through finance, how they would fund the Trillium Trust going forward and when monies are expected to come out to fund infrastructure.

But I think the principle is that you have a fiscal benefit that results from this transaction. Some of that benefit is fiscal gain that's driven by proceeds; part of it is also non-cash gain. The government wants to commit all of that fiscal gain to the Trillium Trust, so I think it's being consistent with the principle. Some of it is cash, some of it is non-cash, but together, that's the gain that comes to the province from selling its shares in Hydro One.

Mr. Todd Smith: When we're looking at the numbers here, it looks like, after the \$5 billion is used to pay down the debt, there may only be \$1.8 billion in cash assets from the sale. Is that a possibility, that there's only \$1.8 billion for the Premier's lofty goals of paying for infrastructure across the province?

Mr. Serge Imbrogno: Again, the fiscal benefit: Part of it is cash and part of it is non-cash. I think it's important to understand that you're committing a gain, whether it's a cash item or a non-cash item, towards infrastructure.

The Chair (Ms. Cheri DiNovo): Mr. Smith, you have just about five minutes left.

Mr. Todd Smith: That's plenty.

There are grave concerns here, that we're selling off Hydro One without any concrete plan that is going to produce the kind of money that we need in the province to pay for the promises that the Premier has made. Every time she stands up in the Legislature, she talks about an LRT here, an LRT there, from Niagara to Kitchener to Barrie and all over the province. Obviously, this sale is not going to produce the kind of money that it's going to need to pay for those types of projects. Would you not agree with that, Minister?

Hon. Bob Chiarelli: The transaction is planned to accommodate the \$5-billion reduction in debt and \$4 billion to invest in infrastructure. We understand, from the IPO process, that we're on-track to accomplish that. I expect in the coming weeks, when the first tranche of the IPO is complete, that process will be more apparent.

Mr. Todd Smith: Well, we're going to hear tomorrow morning from the Financial Accountability Officer on his thoughts on this sale. Of course, keep in mind he's been excluded from participating as an officer of the Legislature when it comes to this deal, but tomorrow morning, he's going to be providing his recommendations or his analysis on this deal. I don't know, because I haven't seen his report either, but I suspect there's probably going to be a number of questions raised about the plan that's been put on the table and whether or not it's going to produce the kinds of dollars back to the province that will pay for these projects.

It's unfortunate that we're wrapping up here today and we won't be able to question you in estimates on the FAO's report. Have you had a chance to see it yet?

Hon. Bob Chiarelli: I have not seen the financial officer's report. I believe it's not public. It will be public tomorrow. I understand that the Minister of Finance will be responding to that, and you'll have every opportunity to ask him questions.

Mr. Todd Smith: Yes, and then we will be asking him questions tomorrow, of course, about this deal. Do you not have any reservations at all that this sale will not produce the kinds of dollars you have anticipated it will?

Hon. Bob Chiarelli: We expect the IPO will proceed as planned. If there's a calamity that happens with respect to something in the marketplace or something, then that obviously might have an impact—likely have an impact—but if the present fluctuations in the marketplace continue through until the first tranche of the IPO is completed, we have a confidence level that our projections and our plan will be realized.

Mr. Todd Smith: This will probably be my final question: Will you delay the sale as long as you need to in order to ensure the best price for Ontarians? If there is a calamity, as you mentioned, would you delay the sale as long as you need to in order to ensure the best price for Ontarians?

Hon. Bob Chiarelli: I can say that, by all accounts and all our advice and all the input that we have now, we're on track to accommodate the plan that's been put forward.

I'm going to ask counsel if she wants to clarify that in any way.

Ms. Sharon Geraghty: No. I was only going to caution us not to go too far, Minister, but you've answered the question, and I think that's the response.

Mr. Todd Smith: Because once it's gone, once the asset is gone, it's gone. You can't sell it again. So we have to ensure that we're getting the biggest bang for the buck, that we're maximizing this sale.

Hon. Bob Chiarelli: We believe we're maximizing the sale with the plan that we have in place. In the coming weeks, there'll be more information to confirm where we stand and—

The Chair (Ms. Cheri DiNovo): I'm afraid that time is up for the official opposition.

Hon. Bob Chiarelli:—and you will hear from Mr. Clark and the Minister of Finance to explain that reality to you.

The Chair (Ms. Cheri DiNovo): We will move on to the third party: Mr. Hatfield.

Mr. Percy Hatfield: Some of us believe it's a fire sale more than maximizing the sale. However, let me go back to a question: From the Hydro One prospectus, we see a bunch of closing transactions. The \$2.6-billion departure tax is paid; \$2.6 billion in share equity is issued to the government. There's the transfer of Hydro One Brampton to the government, and there are recapitalization transactions.

After all of these transactions are completed, we see that Hydro One's book equity increases from \$7.913 billion to \$9.386 billion. Last year, the OEB allowed Hydro One to claim a return on equity of 9.3%, but after these closing transactions, Hydro One's equity will increase by almost 20%. Does this mean Hydro One's OEB-regulated profits will also rise in order to maintain a similar rate of return on equity?

Mr. Serge Imbrogno: I think I could start, and then maybe Sharon can also provide some input.

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I think it's important to clarify that the Hydro One distribution rates are already set for the next three years, and the Hydro One transmission rates are already set for the next two years, so there's going to be no change in Hydro One rates.

Mr. Percy Hatfield: For two years?

Mr. Serge Imbrogno: Two and three years. The OEB sets Hydro One's rates. They set it on Hydro One's rate base, which is calculated in accordance with OEB requirements. It's really, when you think of it, as they build more capital, they can add capital to the rate base, and that's what the OEB uses to determine the amount that it can actually get. So once you've established its rate base, then the OEB has a deemed debt-to-equity ratio of 60% debt to 40% equity, and it's on the rate base. This is all approved by the OEB. It's all set on the rate base. The actual ROE that they get—the percentage—is calculated by a formula each year.

In the prospectus, Hydro One notes that for 2016, they expect the actual return on equity to be lower in 2016 than in 2015 because of changes in interest rates. Interest rates go down; the actual rate goes down as well.

Mr. Percy Hatfield: Either the regulated rate of return will stay the same, meaning that rates will have to increase to keep up with the increase in equity, or the OEB will have to lower the regulated rate of return in order to keep rates the same.

Hydro One earned an income of \$749 million last year, so to earn the same income on \$9.386 billion of equity would mean that the return on equity would need to fall from 9.3% to 8%. Which will happen? Will rates rise or will the return on equity fall, over the next couple of years?

Mr. Serge Imbrogno: Rates are not going to rise. We have already said that they're set for the next two years for transmission, and three years for distribution.

But the 60/40 debt-equity ratio is deemed, and it's applied to the rate base. So I think there's GAAP accounting in what you see, and then there is what the regulator allows to be recovered from the rates. They also don't allow non-regulated assets to be recovered in the rate base. So I think there's a difference between the GAAP accounting and how the OEB actually sets its rates, how it puts in place a deemed capital structure, and then how the actual return—the ROE formula—is calculated each year, based on the change in interest rates.

Mr. Percy Hatfield: I know Ed Clark, the minister and the Premier have all made statements about where

the rates would go after Hydro One is sold. We know the answers. Right? It's the OEB that sets the rates. So it seems pretty clear that if Hydro One's equity increases and the regulated rate of return on that equity stays the same, then rates will increase. Is there a possibility that the OEB would allow rates to rise to reflect Hydro One's rising equity? Am I getting this straight, Chair, or is it all messed up?

Ms. Sharon Geraghty: I'm going to echo something that the deputy minister said. The numbers that you're referring to are accounting equity, but rates are paid and the calculation is paid based on the rate base, so it's the rate base that the OEB starts with and then they have a deemed allocation, a deemed debt-equity ratio, and they allow the company a rate of return on the equity portion of its rate base. It's not on its equity in its books; it's on the deemed equity, 60% of its rate base. To echo what the deputy minister was saying, the change that you're referring to in the equity of the company is not what the OEB awards, if you can say that, the ROE on. It takes its rate base, it assumes 60% of that is equity—I knew that didn't sound right—60% is debt, 40% is equity, and then they allow a rate of return on the equity portion of that rate base.

I'd be happy to walk through what's happening on the financial statements, but one of the things that happens on the financial statements is that some of the adjustments that you're mentioning won't necessarily, any of them, affect the rate base. That's a separate thing that the company does as it expends on capital expenditures. Once the existing rate application and existing decisions reach their end, then the company will go for its next rate applications. But it's not as if they go to the OEB and say, "Our equity is now X; we get 9.3% on that." It's based on 40% of their rate base.

Hon. Bob Chiarelli: I can maybe try to use some other words to clarify it. The OEB will deem there to be a specific equity according to their formula. Regardless, you can throw all kinds of money and investment into the company and the equity goes up. That's not the equity calculation that the OEB will use. They will deem it according to what they have as a formula of, first of all, 60% debt and 40% equity. If you go above the 40%, you don't get credit for it.

Ms. Sharon Geraghty: One of the things that's happening in the financial statements has to do with that deferred tax asset, which we talked about. But that is part of the tax treatment that the company will have. It's an accounting entry based on the tax treatment, and that doesn't dictate what the OEB does with the—

Mr. Percy Hatfield: Let me just get to that, then. According to the Hydro One prospectus, as a result of leaving the payments-in-lieu system, Hydro One will book a \$1.2-billion deferred tax asset because of a revaluation of assets. On page 158, it says: "Management believes this will result in annual net cash savings over the next five years due to the reduction of cash taxes payable by Hydro One."

I see that the OEB has the power to force Hydro One to pass on these savings to the consumer since it is a risk

factor listed on page 158. But the prospectus says investors will likely get to keep the windfall. On page 106, it says: "Management believes that these net cash savings will not result in a corresponding reduction in its revenue requirement in future rate applications to the Ontario Energy Board."

So if Hydro One is receiving a windfall solely because of privatization, not because of efficient management, why should shareholders benefit instead of ratepayers?

Mr. Serge Imbrogno: When you go to the OEB with your rate application it's a determination of the OEB as to how they treat these items. I think management is giving you their perspective on how they feel the treatment of the OEB will be, based on past precedents and other such actions. In the end, it's a decision of the regulator, how they treat that going forward. I think what you see in the prospectus is management's expectation of how they think it's going to play out.

Hon. Bob Chiarelli: The OEB may accept your interpretation. A case can be made to them and it's their decision.

Mr. Percy Hatfield: All right. Do you think it's appropriate for Hydro One and its shareholders to claim unearned profits that are solely the result of accounting procedures related to privatization and have nothing to do with efficiency gains or clever management?

Hon. Bob Chiarelli: I'm prepared to wait to see how the transactions play out and how the Ontario Energy Board deals with it.

Mr. Percy Hatfield: Well, if it plays out the way I've suggested, would you direct the OEB to ensure that this windfall is passed on to the ratepayers?

Hon. Bob Chiarelli: It's a very hypothetical question; I'm not going to give a hypothetical answer.

Mr. Percy Hatfield: All right. The government has said it will no longer issue shareholder directives such as the directive that currently prohibits the offshoring of Hydro One customer support jobs. I understand that KPMG prepared a report in 2013 that said that Hydro One could save money by sending consumer support jobs out of the province. Again, these savings would not be due to anything management did, but simply due to a change in government policy. Do you think it's appropriate for Hydro One's new private owners to claim unearned profits simply because the government decided to stop protecting Ontario jobs?

Hon. Bob Chiarelli: I'm going to ask the deputy to respond to that.

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Mr. Serge Imbrogno: I think the issue of outsourcing really is a Hydro One management decision. I think they'll look forward in negotiations with the unions in terms of what is the best path forward. We do have restrictions in place in terms of ensuring the head office remains in Ontario. We have measures in place to ensure the grid control centre remains in Ontario. So we have protections in place to protect the critical infrastructure and the strategic policy-making.

Mr. Percy Hatfield: But, Deputy, why not put a structure in place that would protect the outsourcing of jobs from Ontario?

Mr. Serge Imbrogno: I think that's one of the many decisions that the new Hydro One board and management will make. I think it will be part of the discussions with the unions, going forward. It will be part of ensuring that they maintain the reliable service and customer service. If there's anything that would impinge that, then I think that would be something that Hydro One and its board would not pursue—

Mr. Percy Hatfield: Minister, I would think that—

Hon. Bob Chiarelli: If I can make a comment to that—

Mr. Percy Hatfield: Please.

Hon. Bob Chiarelli: While Hydro One will operate like any other public company reporting to its board of directors and shareholders, as part of the 2014 budget, our government amended the Electricity Act to ensure that the head office, control centres, operation of transmission and distribution systems will remain in Ontario. That provides some comfort level in the sense that, if it does occur, it probably will occur to a very limited extent.

The infrastructure investments that become possible as a result of broadening the ownership of Hydro One will support 110,000 jobs per year on average, so the proceeds will be part of that project. That will go towards creating 110,000 jobs per year. I can say that, as a former Minister of Infrastructure during the stimulus program, that type of investment in infrastructure does create those types of jobs.

Two of the largest electricity unions, the Society of Energy Professionals and the Power Workers' Union, voted overwhelmingly in favour of taking Hydro One public. They are the two unions most directly impacted by our plan to broaden Hydro One's ownership. They are aware of this particular issue, and they were prepared to go ahead and move forward, because on balance it was good for energy workers and it's good for creating jobs across the province.

Mr. Percy Hatfield: But, Minister, you know as well as I how many times we've heard the Premier say that by splitting the shares the way they're being split, the government is going to maintain control, if you will, of the board, and how politically sensitive that would be if any jobs were outsourced while under the government's political control.

The Chair (Ms. Cheri DiNovo): Mr. Hatfield, you just have over five minutes left.

Hon. Bob Chiarelli: I think I've answered the question.

Mr. Percy Hatfield: Thank you, Chair. How much time did you say again?

The Chair (Ms. Cheri DiNovo): Just over five minutes.

Mr. Percy Hatfield: Five minutes? Oh, thank you.

I just have one thing I'd like to find out, as well. Is it at your fingertips or is it possible to get at some point in

the near future—I'm looking at the liabilities for contaminated sites for Ontario Power Generation and Hydro One. Do you have a list of contaminated sites and the dollar figure amounts for each of their liabilities for contaminated sites?

Hon. Bob Chiarelli: Deputy?

Mr. Serge Imbrogno: I think whatever is in the prospectus is what's publicly available. I think our problem is providing information that's not in the prospectus.

Mr. Percy Hatfield: Okay.

Mr. Serge Imbrogno: Also, Hydro One makes applications to the OEB on a regular basis, so it could be part of their rate filings in the past. I think that's another potential avenue for having that information.

Mr. Percy Hatfield: Okay. Cybersecurity, Minister: I think you have said that the biggest risks to the hydro system are extreme weather and cybersecurity. Who are you looking to as a model jurisdiction for action on cybersecurity? Are you looking at California or Germany for their examples, or have there been any incidents of cyber-attacks in Ontario?

Hon. Bob Chiarelli: Before I pass it over to the deputy, I'll say that there are continental regulations that apply to those connected operating systems that I referred to earlier. They are among the best, most experienced people in the electricity sector, with the best advice. They have made it very, very clear that for the whole electricity sector in North America cybersecurity and extreme weather events have become the two largest risk factors.

I think everybody is aware of the fact that a number of significant multinational companies have had their systems impacted by breaches in cybersecurity. It is a top priority in the electricity sector. They are working collaboratively to get the best practices to deal with that particular issue.

With respect to extreme weather events—

Mr. Percy Hatfield: Minister, I'm sorry to interrupt, but are you aware of any incidents in Ontario of cyber-attacks on the electrical system?

Hon. Bob Chiarelli: No, I'm not, but we do have a fully redundant system in Ontario that can go into operation if something happens to the system that's up.

Mr. Percy Hatfield: Who is leading the research and action in the system?

Hon. Bob Chiarelli: I don't have the detail on that—

Mr. Serge Imbrogno: Maybe I could add—

Mr. Percy Hatfield: Sure.

Mr. Serge Imbrogno: The IESO is part of—I think the minister mentioned—the North American Electric Reliability Corp.'s Critical Infrastructure Protection Committee, and that's really cybersecurity for the bulk system, the transmission. The other part of that is the local distribution companies, and really it's an OEB process. The OEB has been looking at making sure that the LDCs are as up-to-speed on cybersecurity as the IESO in the bulk system.

The OEB is taking action, and maybe I'll just read you some of the things that they are requiring the LDCs to put in their plans. Going forward, they'll require the LDCs to

participate in the Canadian Cyber Incident Response Centre; enrollment in the Public Safety Canada secure portal; training for staff in recognizing and avoiding phishing attacks; actions for detection, response and recovery from cyber-attacks that comply with National Institute of Standards and Technology.

We have two pieces to that. In the bulk system, the IESO is linked in with the United States and North American standards, and then the OEB is putting standards in place for the LDCs as well. We're trying to cover the bulk system and LDCs as well, with the OEB leading on setting those standards for the LDCs.

Mr. Percy Hatfield: Thank you, Chair.

The Chair (Ms. Cheri DiNovo): Thank you very much. We now move to the government side.

Ms. Sophie Kiwala: Thank you very much for your time here at this committee. It's been a pleasure to listen to the discussion and learn more about the energy system in Ontario.

When it comes to the electricity system in Ontario, one of the things that I do hear frequently from constituents in my riding of Kingston and the Islands is that there is a need for increased education and awareness on the factors that affect peoples' bills, the environment and the whole system in general. Increasing the energy literacy of Ontarians will not only help them understand how the system works, but it will also teach them innovative ways that they can reduce their consumption and save money on their hydro bills.

We have seen some innovative programs that have been utilized by our community, both on a residential and a commercial basis. I'm wondering if you can tell us what the government is doing to help increase the energy literacy and education of Ontarians.

Hon. Bob Chiarelli: Thank you very much, MPP Kiwala, for the question. It is a question that comes up regularly, particularly when we deal with stakeholders in the sector. We have our discussion and debates here and we talk about the connection between the different types of generation and supply mix, and there's even the question of a lot of people being very confused about who does what.

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For example, most people in the province think that Hydro One looks after the whole electricity sector. They forget about Toronto Hydro and Ontario Power Generation. There's just a lot of confusion. A lot of people would not be aware, for example, that Hydro One, in terms of the people who they bill directly for services, represents only 24% of the consumers in the province of Ontario. The other 76% receive service from Hydro Ottawa, Toronto Hydro, PowerStream and a total of 70 local distribution companies.

So when people talk about the terrible impact on rates, as we continue to say, the OEB controls the rates. There are 76% of people who receive their bills from a non-Hydro One entity. That type of information is not out there and it's very, very important that we try to get that out.

There's a tremendous amount—a number of conservation programs that enable people to reduce their energy consumption. It's important that there be more literacy out there in terms of conservation.

Promoting energy literacy among Ontarians is a top priority for the Ministry of Energy. Our government launched a website dedicated to educating Ontarians about their electricity system. The website is called emPOWERme. It provides an excellent overview of Ontario's energy sector and explains how generation, transmission and distribution networks function together to ensure everybody has access to the clean and reliable electricity they need.

I might also indicate vis-à-vis MPP Ballard being able to go on his iPhone, check the app and see that at that very moment in time, 20% of our electricity in the province was being generated by wind power—that's out there and probably 5% or 10%, if that, of the public with iPhones are aware of the fact that they can go on and check that. So there's a lot of mentoring and education that's needed to inform the public.

The emPOWERme website offers a number of video shorts that explain electricity generation, distribution, measurement and conservation. The site also includes an interactive bill tutorial so people can understand. A lot of people are concerned about the delivery charge on their bill. If you ask them, "What's the delivery charge?" they really can't tell you. They don't understand what the delivery charge is. That's not a good situation for the public or for the system.

The site also includes infographics and interactive exhibits about Ontario's supply mix and smart grid innovations that would enable them to use conservation programs. The emPOWERme website is accessible to Ontarians of all ages. I certainly would highly recommend that members encourage their constituents to take advantage of this resource. It wouldn't take very much for every MPP of every party to put a little box on their householders directing people to the emPOWERme website. It's really empowering in the sense of having knowledge and information as to how the system works.

We believe that this will deliver real benefits to the province and the sector, including a more energy-literate Ontario public that can better understand the trade-offs inherent in energy policy choices. More empowered customers are better able to manage their own energy usage and help system-wide conservation efforts as a result.

As I mentioned at one of our other sessions in these estimates discussions, we talked about EcoSchools. EcoSchools start the education early in elementary and high school. The ministry is funding Ontario EcoSchools to increase energy literacy and energy conservation education for students, to empower students to reduce the ecological footprint of their schools and to create environmentally responsible citizens.

The Education and Capacity Building Program, the ECB Program, administered by the Independent Electricity System Operator, the IESO, provides funding for

initiatives that provide education, build capacity and develop skills of target groups, including aboriginal communities, municipalities and co-operatives, to better understand and participate in the electricity sector.

Additionally, the ministry recently introduced legislation which is titled Strengthening Consumer Protection and Electricity System Oversight Act, 2015, which would enhance consumer awareness and understanding of retail energy contracts. The legislation also promotes the education of consumers.

I'd now like to ask Deputy Minister Imbrogno and John Whytock, director of communications, to expand further on these points.

Mr. Serge Imbrogno: Thank you, Minister. I'll ask John Whytock to come up. He's our director of communications.

Part of our long-term energy plan was to ensure that all of the material that goes into the LTEP was made public and is on our energy reporting website. It is fairly technical, and it probably helps people who are very knowledgeable about the system, but we also want to make sure that we provide information to everyone. John will go through some of the other ways that we're trying to provide detailed and helpful information to Ontario consumers.

Mr. John Whytock: Thank you, Deputy. My name is John Whytock. I'm the director of communications for the Ministry of Energy. I'm also the leadership chair of our United Way campaign, so I would like to invite everyone to join us for the OPS Walk and Run to raise funds for the United Way, which is taking place at Queen's Park this Friday. The Premier is attending, as is the secretary of cabinet.

Within my branch we handle a number of communications functions, including the correspondence that comes in for the minister, the media and issues that we deal with every day, and the strategic planning. In April 2013, at the same time that Minister Chiarelli directed us to develop a new long-term energy plan, he laid down the gauntlet of a great challenge on literacy. Much of what he just spoke to on emPOWERme is actually the direct result of the imperative that he handed us to really develop energy literacy materials, so I'm glad he's proud of it.

We've seen numerous calls for increased energy literacy. It's been raised by the Environmental Commissioner, it's been raised by the Auditor General and by the Drummond report. It was a regular theme we heard as we were out consulting on the 2013 long-term energy plan. It was an exercise that took us to more public consultations than we had ever conducted before, and it allowed us to run an online survey that got 8,000 respondents. It allowed us to introduce a lot of themes about smart energy planning that people might not otherwise have considered.

Everyone agrees that greater energy literacy is a good thing. That's an easy one. But what is energy literacy and when can we as a ministry say we've done enough to advance it? That's a question that doesn't have a clear

answer. There is definitely the desire and the spirit to have more informed, more educated Ontarians, but it is not a single silver-bullet approach. There are a lot of challenges to it.

If there's one thing we do have at the ministry and with our agencies, it's data. Our ministry just published its fourth quarterly Ontario Energy Report, which has over 60 sets of data about energy demand, supply mix, conservation and demand management, and more. So if someone went looking for it, there are charts and tables on virtually every aspect of the system. But unfortunately, in reality, most people don't ever go seek out this information. They don't take the time to study charts and graphs to form a more illuminated opinion about energy policy. Would that it were that easy; my job would be very simple.

This year, the World Bank's World Development Report for 2015 focused entirely on human decision-making, and it has a wonderful quote that I think explains some of the challenges that we have in literacy: "Individuals are not calculating automatons. Rather, people are malleable and emotional actors whose decision-making is influenced by contextual cues, local social networks and social norms, and shared mental models. All of these play a role in determining what individuals perceive as desirable, possible, or even 'thinkable' for their lives."

The shorthand for this, if I were to translate on their behalf, is that people are part of a community. They're part of a society and that affects their decision-making. It isn't entirely rational. So instead of hoping that people will independently make purely logical decisions based on data, of which we have quite a bit, we have to take it upon ourselves to try to highlight what our data is telling us.

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I want to give one example of how better awareness can lead to tangible action that has real benefits for the energy system and for consumers.

If you've looked in the long-term energy plan, there's a figure—it's figure 3 on page 12. It shows residential electricity intensity. It's a relatively easy chart to understand. It shows the number of households has grown in Ontario over the past 25 years, but the average amount of electricity that each house consumes has gone down significantly.

Now we would all be hard-pressed to find a house in this province that hasn't done something to conserve energy, whether it's switching light bulbs, buying more efficient appliances or adding insulation to improve their home's energy efficiency. In fact, if you look at this figure, you'll realize we have added 1.7 million new households since 1990—one generation effectively, 25 years. But overall, electricity demand from those houses is still about one million megawatt hours lower than it was in 1990.

Another way of looking at that is a typical household only uses about two thirds of the power it did in 1990. It's as if, through conservation and efficiency, we have removed every third home from the grid. When you

further consider how many more electronic devices we have charging in a typical home compared to 25 years ago, that's a remarkable accomplishment.

Unfortunately, when we've done public polls in the past, most people say and believe the opposite. The average respondent will tell you that they've made efforts to save energy, but they don't believe their efforts are making a difference. They can't see the change, and that's an unfortunate disconnect when the fact is that as a province, all together, we have made tremendous gains.

We took this data that I just referred to and the insight to one of our agencies, the Independent Electricity System Operator—they oversee the saveONenergy conservation campaign. With them, we developed a public outreach campaign that we tested in three cities this past summer. We ran ads that connected a community's energy savings to large-scale accomplishment; for example, saving enough electricity to run a city's arenas for several years. This was a very limited experiment—just three communities and eight weeks—so the results were modest, but they were promising.

The feedback from our research is that there was an increase in people understanding the link between their energy use and benefits to the broader community. The next phase is to determine whether that understanding can have a measurable impact on consumer behaviour.

Now I use this example to demonstrate that energy literacy is a multi-tiered effort. We'd like to think that if only people had the information, they would all be able to make good, rational decisions for themselves, but evidence generally shows that's not enough. Effective energy literacy has to consider what outcomes are valued by people and by entire communities.

However, we are seeing more and more examples of putting electricity data to work to help consumers, and this includes cases where the private sector takes publicly available data and turns it into something with added value. In fact, one of those was mentioned earlier in this session. It's the Gridwatch mobile app. It's a great example. It takes current energy supply mix data from the IESO and publishes it in an easy-to-understand, mobile-friendly way, but not everyone realizes—

The Chair (Ms. Cheri DiNovo): The government has about five minutes left.

Mr. John Whytock: Thank you.

Not everyone realizes that Gridwatch is not actually a tool designed by the IESO, but it depends on IESO data for its existence.

Green Button initiative data is being used by more and more app developers to help consumers find just the right energy management tool that suits their tastes best. Today, more than 60% of Ontario ratepayers are served by a utility that offers the Green Button initiative.

These initiatives are the reason that the Ministry of Energy is at the forefront of Ontario's broader Open Government Initiative. We're a leading ministry in efforts around open data, open information and open dialogue.

When we released the long-term energy plan in 2013, we also launched a new educational Web feature that was

built partly on learnings from the public consultations across Ontario. As the minister mentioned, the site is called emPOWERme and features a series of videos, interactive tools and infographics that can help explain the energy system. The videos, for instance, start with the basic fundamentals: Do people understand the difference between transmission and distribution? Do they know what the smart grid is? Can they explain what a kilowatt hour is? It is the most fundamental unit of measuring how we consume electricity in this province, and a startling number of people couldn't even define it. Do they know why conservation has system benefits as well as household benefits? So we've been building continually on emPOWERme since it was launched.

We're reaching out to educators and learning institutions to try to learn more about what content would be most useful for students and others. We're developing new materials, including a video to explain what peak power is and how it shapes our electricity system. And, as has been mentioned by previous speakers here, we've been a proud supporter of EcoSchools for some time. EcoSchools is a small organization of dedicated volunteers who will freely admit that they would welcome our assistance in increasing the reach to parents and communities. We know the importance of schools as anchors in communities and the value they can bring in spreading educational efforts.

The ministry is funding Ontario EcoSchools to increase energy literacy and energy conservation education for students, reduce the ecological footprint of schools and create environmentally responsible citizens.

The government is working with Ontario EcoSchools to bring more information about energy conservation into classrooms. EcoSchools is an environmental education and certification program for grades K to 12 that helps school communities develop both ecological literacy and environmental and conservation practices to become environmentally responsible citizens and reduce the ecological footprints of schools. We support their goal of making every school in Ontario an EcoSchool—a vision that all students and staff in Ontario schools, and by extension their parents and their surrounding community, will be engaged in environmental education and practices, developing the knowledge, skills, perspectives and actions needed to be environmentally responsible citizens.

Last year the ministry provided EcoSchools with approximately \$100,000 in funding to implement a new energy conservation education teacher professional development program. This year we intend to fund EcoSchools for expansion of their energy conservation education program. Now we're looking at ways to help their incredible volunteer-driven network by gathering more feedback on what teachers and students need. We're

also exploring ways to promote EcoSchool success stories, because we know that a school isn't just a building; it's at the heart of communities and it can have an influence far beyond its property lines.

Another emerging technology tool to help consumers is being piloted by several local distribution companies right now. It's called social benchmarking. What it allows people to do is to see how their energy consumption compares to similar households in their area. They can compare their progress to that of their neighbours. Behavioural research has shown that this approach is one of the most effective ways to drive long-term behaviour change. Simply put, people are motivated to save energy if they can see how they're doing compared to their peers. We're looking forward to the results of the pilots here in Ontario to see if this holds potential as a province-wide initiative.

I want to point out that the Ministry of Energy is not alone in its efforts to improve energy literacy. Our agencies have been active in consumer education as well. Conservation is the most cost-effective way to manage energy. If we can keep our demand down, it means we won't have to seek out as much new supply. We will work closely with the new IESO on our communication and marketing efforts for 2016 to help consumers save energy and money, and help local distribution companies meet their reduction targets.

Thank you again for your question, and I hope I've demonstrated how seriously we take energy literacy and the many ways in which we are approaching the challenge—

The Chair (Ms. Cheri DiNovo): And your time is up. Thank you.

Standing order 66(b) requires that the Chair put, without further amendment or debate, every question necessary to dispose of the estimates. Are the members ready to vote?

Mr. Han Dong: Yes.

The Chair (Ms. Cheri DiNovo): Shall vote 2901, ministry administration program, carry? Carried.

Shall vote 2902, energy development and management, carry? Carried.

Shall vote 2905, electricity price mitigation, carry? Carried.

Shall vote 2906, strategic asset management, carry? Carried.

Shall the 2015-16 estimates of the Ministry of Energy, including supplementaries, carry? Carried.

Shall I report the 2015-16 estimates of the Ministry of Energy, including supplementaries, to the House? Carried.

Thank you. We are adjourned until next Tuesday at 9 in the morning.

The committee adjourned at 1719.

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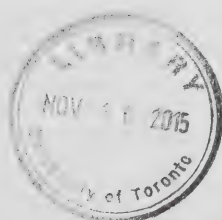
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Standing Committee on Estimates

Ministry of Health
and Long-Term Care

Comité permanent des budgets des dépenses

Ministère de la Santé
et des Soins de longue durée



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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 3 November 2015

Mardi 3 novembre 2015

*The committee met at 0900 in room 151.*MINISTRY OF HEALTH
AND LONG-TERM CARE

The Chair (Ms. Cheri DiNovo): Good morning, members. We are here to resume consideration of the estimates of the Ministry of Health and Long-Term Care. There are a total of four hours and 12 minutes remaining.

Minister, do you or your ministry staff have any responses to outstanding questions from the committee that you would like to table with the Clerk?

Hon. Eric Hoskins: I believe there are a couple of specific requests that were made. My understanding is, my ministry is working on providing those responses, but, I think, nothing at this particular moment in time.

The Chair (Ms. Cheri DiNovo): Okay, thank you.

When the committee was adjourned last week, the third party was about to begin its turn in the question rotation. Madame Gélinas, please proceed.

M^{me} France Gélinas: Good morning. I was watching Canada AM this morning, and they were talking about trans people having problems of access. So my first questions will be about, partly, sex reassignment surgery, but trans health in general.

We've all known, and the ministry has known, that there are barriers that inhibit access to care for trans Ontarians. Important work has been done to build primary care capacity, but significant barriers continue to present access to publicly funded procedures for many trans Ontarians.

Myself, and the Chair of the committee, Cheri, have written to your ministry several times over the past two years asking that urgent action be taken to address the fact that, right now, 970 individuals are waiting for an appointment with CAMH for the gender identity clinic, which is the only clinic authorized to approve sex reassignment surgery in Ontario. We find out that the clinic has the capacity to approve less than 200 surgeries a year. I don't understand why we have only one site for pre-operative approval. I have written to you a number of times. Every time, I get, "It's coming soon. It's coming very soon." But I haven't seen anything.

Because we are in estimates, I'm also interested in finding out if the \$2.2 million reported by your ministry for sex reassignment surgery for 2014-15 is going to be the same amount going forward. Those are my questions.

Hon. Eric Hoskins: Thank you. I really appreciate this question. It's an important one. I know this is a very important issue for the Chair as well. She has represented the community extremely well on this issue, but more generally, as well, with respect to respecting our transgendered community and identifying for this government not only some challenges, but some work that needs to be done to improve access.

This is a very important issue for me personally, as well. I feel very strongly that this is an issue of respect and dignity and human rights. I'm proud of the work that this government has done in support of our transgendered community, but I recognize that, as you've identified, there is more work to be completed.

I'm also aware, when it comes to gender dysphoria, that it has potentially exceptionally grave emotional and physical implications. The rate of suicide among individuals who experience gender dysphoria is very high. The mental stress that individuals with gender dysphoria experience is enormous. That makes our obligation as government even greater.

You're right in indicating that CAMH, currently, is the sole site not for diagnosing or supporting individuals with gender dysphoria, but the sole site in the province currently with a program to approve, or pre-approve, sex reassignment surgery. To date, the surgery itself is not provided in this province. I think it's safe to say that that is an issue that also is of concern to me.

When the Chair, a number of months ago, raised this in the Legislature, and with me privately, as well, I asked the ministry to look not simply at the growing wait-list—I think we understand the wait-list over recent years has exploded, really, in terms of the numbers and the inability of CAMH as the sole site to be able to manage those individuals appropriately and in a timely fashion. So I asked the ministry to look at what support we might provide to CAMH, but more fundamentally our entire approach to supporting individuals with gender dysphoria who are considering sex reassignment surgery. I think, as you can appreciate, that required consultation first and foremost with the transgendered community and those health care professionals who are working to support it, including CAMH, but others—Rainbow, for example—across the province.

My goal in this is to provide an approach which is respectful of the individuals involved, recognizing as well the expertise that exists around the province to support these individuals—

M^{me} France Gélinas: So my question is: When? You say all the right words, but shouldn't that trigger an urgent response? I made the comment that there were 970 individuals waiting. That was in June. As of today, we're at 1,064. Every month, the list goes higher and higher. You already know that the risk of suicide, the risk of harm to themselves, is so high, and yet—I get a respectful answer from you, and I very much appreciate this, but I want to know when and I want to know money.

Hon. Eric Hoskins: Well, our transgendered community will not need to wait much longer. If it was as simple as providing additional funds to CAMH to reduce the wait-list—I mentioned that my belief is that we have an opportunity to transform our approach, to look at international guidelines, and other jurisdictions, but WPATH guidelines, for example, which are very sound and point to an appropriate process that would lead to supporting an individual to make that decision and go through with the surgery itself. I've asked the ministry to look at the issue of out-of-province surgery, and whether we have scope in this province for working to build that capacity in-province.

There are hundreds of individuals around the province who have the expertise to provide support to individuals with gender dysphoria, so I hope you can appreciate that in order to arrive at an approach which may be fundamentally different than our current one—for example, looking at the possibility of other sites or a different approach, which is health provider specific—that that takes some time to conduct that process responsibly.

M^{me} France Gélinas: It would be a whole lot easier to be patient—because all we get right now is that it's coming soon, but it was coming soon a year ago and it was coming soon in June. I wrote to you; you just wrote back to me last week that it was coming soon. Those words mean very little at this point.

It would be a whole lot easier to be patient if we could have proof that this work is taking place. If you are talking with the trans community, how come none of them know that you are talking to them? They're reaching out to us to find that out. If you are looking at building capacity, if you are looking at transforming the approach, where is this? Give me proof that this work is actually happening. Who's working on it? How many people? Where do they meet? What's the name of their group? Otherwise, it looks like you're well intentioned, but very little else.

0910

Hon. Eric Hoskins: You will have demonstrable proof in the very, very near future.

M^{me} France Gélinas: Does that mean before Christmas?

Hon. Eric Hoskins: Yes.

M^{me} France Gélinas: Before Christmas. Okay. Thank you.

I will switch to the dental program, if you don't mind. We all know that, basically, you integrated six different dental programs into one. CINOT, Healthy Smiles Ontario, the social assistance program—all of these go

and then the new program is starting. I'll start with a money question. How much funding was allocated to CINOT, Children in Need of Treatment, in 2014-15 and in 2015-16, and where can I find that?

Hon. Eric Hoskins: I think my deputy can help us with those specific numbers.

Dr. Bob Bell: Ms. Gélinas, in 2013-14, \$15.83 million; in 2014-15, \$15.8 million; and then continuing at \$15.8 million for 2015-16.

M^{me} France Gélinas: And how much of that was spent?

Dr. Bob Bell: The new combined program, which has added \$22.4 million to the budget this year—the total cost of the program in 2015-16, with the estimated new program costs plus current program costs, is \$107.9 million for the integrated program. That's expanded service to 70,000 additional children and youth eligible for free dental service following the expansion in April 2014.

M^{me} France Gélinas: So CINOT was \$15.8 million and has continued to be \$15.8 million, but how much of the \$15.8 million was actually spent?

Dr. Bob Bell: In 2014-15?

M^{me} France Gélinas: Yes.

Dr. Bob Bell: The combined program—I mean, the programs came together in April 2014. Minister, or ministers, correct me—over to you.

Hon. Eric Hoskins: The six—do we have those numbers? The actuals for 2014-15, broken out for CINOT?

Dr. Bob Bell: It was a third-party-administered claims-based program, so we don't have that information immediately available.

M^{me} France Gélinas: Will it become available after you do some hard work? Thank you for the hard work.

The same questions would apply to Healthy Smiles Ontario: How much funding was allocated in 2014-15, how much funding was allocated in the current year, 2015-16, and how much was spent?

Dr. Bob Bell: So the allocation: \$27 million in 2013-14, increasing to \$30 million in 2014-15 and onward. Again, understanding the expenditure—we'll have to come back with that data.

M^{me} France Gélinas: Okay. How many children were served by CINOT during those two years, and how many children were served by Healthy Smiles during those two fiscal periods?

Hon. Eric Hoskins: I think part of the challenge is, if I'm correct—I know our public health units work on the calendar year and ours is the fiscal year, so I've got the 2014 figures for CINOT.

M^{me} France Gélinas: Sure.

Hon. Eric Hoskins: CINOT paid for basic dental care for 31,435 children and youth with serious oral health problems. That's 31,435 who may have otherwise gone untreated. This total reflected more than 4,000 teens and 3,000 general anesthesia services for children five to 13 years as part of the program's expansion at that time.

M^{me} France Gélinas: That was quick. Do we have the same kind of details for Healthy Smiles?

Hon. Eric Hoskins: I suspect we do somewhere. For Healthy Smiles, I'm told that for calendar year 2014, there were approximately 70,000 children enrolled in Healthy Smiles. For 2015, we have an estimated 90,000 children enrolled. Does that help?

M^{me} France Gélinas: Yes, it does. Thank you so much.

I note that Accerta is now the one who will be handling the claims. Is their contract public as to how much it will cost the Ontario Ministry of Health to have Accerta take over?

Hon. Eric Hoskins: Thank you for your patience. I think you can understand that this is a level of detail that perhaps I might not immediately possess.

M^{me} France Gélinas: I don't blame you.

Dr. Bob Bell: It's not public as of yet.

M^{me} France Gélinas: Why not?

Dr. Bob Bell: I'm not sure. With the launch of the program, we anticipate this material will all become transparent and these numbers will be available.

M^{me} France Gélinas: Including how much money Accerta is making for doing their work?

Hon. Eric Hoskins: Yes.

M^{me} France Gélinas: Okay.

The Chair (Ms. Cheri DiNovo): Madame Gélinas, you have just over five minutes now.

M^{me} France Gélinas: Okay. Well, while I'm talking about the dental program, what will it mean for the health unit as to how much money was being transferred to the health unit that won't be transferred to health units anymore, once we transition to the new dental program?

Hon. Eric Hoskins: This is Roselle Martino, who is the ADM for public health.

Ms. Roselle Martino: Thank you. Health units are actually being kept whole, Madame Gélinas, during the transition year. The only money that will not be going to them as part of the integration is the fee-for-service, because they would pay, directly, fee-for-service dentists. Health units are not going to be paying that directly. Any money that they're saving from all the administrative burdens that they would do, we're putting that into client navigation. They know their clients best and they support a lot of priority populations and low-income, marginalized clients, so we're going to help them. Health units are going to be taking on that role of client navigation and supporting all the participants of the program to follow it right through. So we're not taking money away from them. The only piece was the fee-for-service aspect that will be going—instead of being paid by the health unit, it will be paid by the third-party administrator.

Hon. Eric Hoskins: Which was just a flow-through anyway.

Ms. Roselle Martino: Yes.

M^{me} France Gélinas: Okay. So the money that was going to the health units to do case navigation for children's dental, whether it's Children in Need of Treatment—the money stays the same?

Ms. Roselle Martino: Yes. They never had money in the same way for—a lot of their resources were going

toward administration, doing forms and things like that. So that's where the third-party administrator will take that away and allow the health units to focus on what they do best, which is serving those low-income and marginalized populations.

M^{me} France Gélinas: Funny, because that's not what the health units are telling us. I mean, in Toronto, I have the Toronto Board of Health minutes, where they say it will mean the loss of one full-time and nine others.

Ms. Roselle Martino: Madame Gélinas, we have been communicating and we can give you some public communications. We have been telling the health units that they are being kept whole. We have stated that publicly, that they are not to let go of any staff, that the intention of this program is to keep them whole and focus on the client. They may have interpreted that, but that is not what the ministry has been saying and we have been communicating that quite consistently.

Hon. Eric Hoskins: It may be that there's an internal decision by a public health unit, given that they no longer have the substantial administrative burden, that they are no longer responsible for the fee-for-service flow-through, and they'll have an opportunity for a greater role in client navigation. It may be that there's an adjustment of the individuals working within, but certainly the funding remains whole, as my ADM has just told you.

M^{me} France Gélinas: Okay. So, along this line, when will the definition of financial hardship and the definition of clinical needs, which will qualify children for treatment—when will those definitions be known, made public and acted upon?

Ms. Roselle Martino: That would be a decision of our minister and deputy minister. We had a requirement to work on that and report that back, and what I will say, and then I'll defer to the minister, is that we worked with the health units and the municipalities on the definition of financial hardship as well as the definition of clinical need. So I'm very confident that we have been quite collaborative and got their input. In terms of when that will be communicated, I will defer to the minister on when he feels it's appropriate that that would happen.

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M^{me} France Gélinas: While I have your undivided attention, you are changing the way health units are funded. For 80% of them, that means being red-circled, as in, they're receiving too much money with the new funding formula. Can I have the list of the health units that have been red-circled, that are not going to get a budgetary increase?

Hon. Eric Hoskins: Certainly.

M^{me} France Gélinas: Can I have the money difference, the budgetary difference, between what it is that they are receiving now and what it is that the new funding formula is saying they should receive?

Hon. Eric Hoskins: I always want to say yes to you. Yes.

Ms. Roselle Martino: Madame Gélinas, just a bit of context, with the minister's permission: No health units received a cut to the base—

The Chair (Ms. Cheri DiNovo): I'm afraid we're going to have to stop there. Thank you very much. We're going to move now to the government side—

M^{me} France Gélinas: Just checking with the Clerk, does that mean that my request for information will be coming forward.

Hon. Eric Hoskins: Yes.

M^{me} France Gélinas: Thank you.

The Chair (Ms. Cheri DiNovo): To the government side: Ms. Kiwala.

Ms. Sophie Kiwala: My question this morning is for Minister Damerla. I have to confess that it's a little bit self-interested. As you know, my brother has very serious asthma, which was quite likely exacerbated and began when he was a full-time smoker. I am aware that this government has worked tirelessly to achieve the goal of making Ontario smoke-free. I know first-hand that we have come a very long way toward making that goal a reality; I can't tell you how much that pleases me.

Smoking prevalence has decreased from 24.5% in 2000 to 17.4% in 2014, representing 408,257 fewer smokers. But the use of tobacco products remains the leading cause of preventable diseases and death in Ontario. More than two million Ontarians still smoke and thousands of youth still take up smoking each year.

You know I have two teenage daughters. I am dropping off kids at high school when I'm at home, and have been doing so for a number of years now. My mother would say that it's soul-destroying to see groups of young children gathered in high school parking lots and playgrounds with e-cigarettes or smoking cigarettes. It's very disturbing.

So while we've made strides in reducing the number of Ontarians who take up smoking, I'm very interested in knowing how we're going to further reduce the prevalence of smoking, especially among Ontario's youth. I can't tell you how important it is to both me and many members of my constituency—and even among my daughters' social groups; they're very concerned about it as well. Thank goodness they don't smoke and they're not interested in it.

I would like to know what we're doing to decrease the smoking rates in Ontario.

Hon. Dipika Damerla: Thank you so much, MPP Kiwala, for that question. I really want to begin by thanking you for your role in so much of the heavy lifting that we have done so far legislatively in trying to reduce smoking in Ontario. You did a fantastic job on committee earlier in the spring and the entire team—I know you were the lead on that, so I really want to thank you. I know that this question comes from a very personal space for you; you are very invested in this and I just want to thank you for that. Thank you for your passion on this. Thank you for nudging this along and thank you for everything you've done to push our legislation forward.

You honed in on the issue of youth smoking. We're doing a number of things around youth smoking and trying to reduce that next generation from becoming smokers, really trying to stop that next generation of

smokers. As you well know, the Making Healthier Choices Act, which we passed last spring, will soon hopefully—we're proposing that parts of it come into force on January 1, 2016. A big piece of that is the ban on flavoured tobacco, because we know that flavours are used to draw in youth, to draw in that next generation of smokers. Flavours make it easier for people to take up smoking; it reduces the harshness. When I say we are banning flavoured tobacco, I mean all flavoured tobacco, so that includes menthol. Now, there is a staggered implementation of the menthol, but it will also be banned. We are proposing for that a date of January 1, 2017. All in all, in the next couple of years, flavoured tobacco will be completely banned in Ontario when it comes to cigarettes and cigarillos and all of that.

I think that is a really big signature piece, but there is so much more we are doing on this file that I'm glad you asked this question. Beyond banning flavoured tobacco, the legislation also strengthens the Smoke-Free Ontario Act by increasing penalties for selling tobacco to kids, making these penalties now the highest in Canada. We are also strengthening enforcement to test for tobacco use in indoor public places.

Our government also has taken a responsible and cautious approach to protecting Ontarians, especially our youth, from potential harm by regulating the sale and use of e-cigarettes in public spaces, again through the Making Healthier Choices Act. We are again proposing that key pieces of the e-cigarette regulation come into force on January 1, 2016. That's what we are proposing. Should that happen, what will take place is that, effective January 1, 2016—if the proposal goes through—we would be banning the sale of e-cigarettes in certain places where the sale of tobacco is prohibited, such as vending machines and health care facilities. It prohibits the use of e-cigarettes in certain places where the smoking of tobacco is prohibited, such as enclosed workplaces and enclosed public spaces. Most importantly, it would prohibit the sale of electronic cigarettes to youth. That is really key.

The way we have crafted this legislation—it's really important—is to recognize that e-cigarette technology is new. There is the promise of the technology, but we also don't know all of the risks. So what we have done is taken a really balanced approach: We are not banning it; we are regulating it. Should, at a future point, the evidence conclusively point—to that e-cigarettes are cessation tools or could be used as cessation tools, our legislation is crafted in such a way that, through regulation, we can move very quickly to ensure that, if indeed e-cigarettes have harm reduction—and there's conclusive evidence—we can act on it to take advantage of that. So that's really important, that the legislation has been crafted with that kind of foresight.

I'm also proud to tell this committee that, as a result of many of these initiatives, the rate of young adults in Ontario age 18 to 21 who smoke fell from 33% in 2000 to 19.2% in 2013.

I would also like to take a moment to address how we are reducing smoking rates among Ontarians across all

age groups. As I've stated previously, our government has been working hard to toughen tobacco laws, ban smoking in public places, and has been trying and encouraging Ontarians to quit altogether. To accomplish this goal, my ministry has invested over \$354 million for tobacco prevention, protection and cessation. We have listed smoking cessation drugs on the Ontario Drug Benefit Formulary and expanded access to nicotine replacement therapies for those undergoing addiction treatment.

While it is true that we have the second-lowest smoking rate in Canada, I believe we have a lot more work to do because I'd really like Ontario to have the lowest smoking rates in Canada and across North America. That is why our government is also committed to regulatory changes which prohibit tobacco sales on university and college campuses. That is already in effect. We have also prohibited smoking on playgrounds, sports fields and restaurant and bar patios. Again, these are changes that will protect young people as well as bar and restaurant staff from the dangers of second-hand smoke.

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Essentially, if you look at trying to reduce smoking in Ontario, we have to do two things: We have to stop that next generation from starting to smoke, and you will see in our legislation, the Making Healthier Choices Act, the number of provisions that do that, to help stop that next generation, whether it is the banning of flavoured cigarettes, whether it is the regulation of e-cigarettes or whether it is trying to de-normalize smoking by saying that you can't smoke on patios, you can't smoke around sports fields, restaurants, bar patios; the other part is to help people who want to quit, and that is why we have been investing in cessation.

So with these two twin tracks, we'll close the tap on one end to try and stop people from getting into smoking, and the other side being if you are already smoking and you're ready to quit, the government is here to help you quit.

Ms. Sophie Kiwala: Thank you very much for that response.

I started my question with a comment about my brother and his asthma and the health care costs that result when you have prolonged and chronic breathing problems. For instance, in his case—and this is just one story and I'm sure that both you and the minister have numerous other indications of more serious health risks down the road. In his case, he's been on very high doses of prednisone for decades and the loss of bone mass has been catastrophic. He's only two years old than me and he's had hip replacement surgery and can break ribs by coughing. Of course, when you have asthma, you are coughing a lot.

I can't tell you what it means to me to have this legislation. It's a very comprehensive piece of legislation, Bill 45, and I think it's going to prove to be very positive for the province in terms of our health care costs in the future. So I'm delighted about that.

I don't know if it's appropriate, Madam Chair, or not, but the last question we finished rather quickly. I don't

know if your ministry staff would like to finish commenting on the last question. I don't think your staff was finished answering that. If we have a few minutes left—how much time do we have left?

The Chair (Ms. Cheri DiNovo): Almost nine minutes.

Dr. Bob Bell: Yes, if I could—just on the importance, Ms. Kiwala, of what you mentioned in terms of the impact of smoking not only on population health in Ontario, but the impact that it has on families and, crucially, the impact it has on the sustainability of the health care system. You've talked about asthma and chronic obstructive pulmonary disease. You'll be happy to know that the OECD is presenting data in the not-too-distant future related to the Ontario experience, and indeed keeping people out of hospital with chronic obstructive pulmonary disease and asthma is one of the ways the Canadian system does well.

The impact, however, on our hospital bed occupancy and, crucially, on the treatment of folks for a variety of forms of cancer, which is probably where the minister's work on reducing the prevalence of smoking in the Ontario population will have the biggest impact—most people recognize the impact that smoking has on lung cancer, but what they don't recognize is that the risk of several other cancers, including bladder cancer and colon cancer, is also increased by the risk of smoking. I think we tend to think about changing population behaviour to reduce smoking—it would take forever to demonstrate a change in those statistics of cancer prevalence.

The interesting thing is, in California, which introduced smoking cessation legislation and changes similar to Ontario's, within seven years of introducing those changes and seeing a change in the behaviour of the population, a reduction in the prevalence of people who smoke, there was a reduction in the numbers of patients who were diagnosed and treated for lung cancer. So this is not something that takes years and years to have impact.

Obviously, the prevention of any child or adolescent smoking is a lifetime health achievement, but even for people in the population who are current smokers, we recognize that stopping smoking at any time reduces the risk of cancer within that seven-year period for a population, as well as having dramatic impacts on the risk of having a heart attack or a stroke.

When we look at the changes in health behaviour that are fundamental investments in the future of our population's healthiness and the sustainability of our health care system, there's no question that reducing smoking prevalence is by far the most important element. If you compare it to the problem of being overweight, it's massively more important; even though being overweight is obviously important for health status, the impact of reducing the risk of smoking is dramatically even more important than that.

It also speaks to other healthy attitudes. There is data from public health information that demonstrates that people who are able to cease smoking tend to have other

healthier behaviours as well. People who stop smoking, generally speaking, tend to have better diets. They tend to exercise more. Also, people who don't start smoking also tend to have those types of healthy behaviours: exercise, eating fruits and vegetables, avoiding obesity. They tend to demonstrate those healthier attitudes, as well.

The Chair (Ms. Cheri DiNovo): Ms. Kiwala, you have just under five minutes left.

Ms. Sophie Kiwala: Thank you.

Dr. Bob Bell: So the impact of smoking and the importance of reducing the prevalence of smoking in our population is probably, it's fair to say, the most important thing that we can do to improve the health of Ontarians. We hear from the minister every week about how committed she is to this, and the number of ideas she has that we might use to tackle this issue.

Hon. Dipika Damerla: Thank you, Deputy. I think that MPP Kiwala might be interested in some numbers that also demonstrate what we have done in the cessation area. I've spoken extensively around the legislative tools we've used, but I do believe that we pay equal importance to cessation.

I'm happy to speak to the fact that since the renewal of the Smoke-Free Ontario Strategy in 2011, we have significantly increased the reach of services to help the people of Ontario to quit smoking, including over 61,100 smokers who received direct cessation support—that's counselling and referral for a quit attempt—through the primary care setting or through hospitals. Over 33,500 smokers received cessation counselling by phone, and over 26,900 accessed cessation resources online. Another 60,500 smokers received no-cost nicotine replacement therapy in combination with counselling. Over 11,700 young adults received no-cost nicotine replacement therapy, and over 10,100 young adults received cessation counselling by trained health care providers in post-secondary institutions.

Over 11,400 Ontario Drug Benefit recipients received smoking cessation counselling from a community pharmacy, and over 77,300 Ontario Drug Benefit recipients received smoking cessation prescription medications.

Smoking prevalence has decreased from 24.5% in 2000 to 17.4% in 2014. As you acknowledged earlier, that's 408,257 fewer smokers. I think that's 408,257 Ontarians who are living healthier.

In 2013-14, the government announced an additional \$5-million allocation to Smoke-Free Ontario. The current allocation is almost \$53 million. In the 2011 and 2014 platforms; the 2012, 2013 and 2014 budgets; and Ontario's Action Plan for Health Care, the government committed to reducing Ontario's tobacco use rate to the lowest in Canada.

One of the areas that I think we are really focusing on is that if you want and would like to see more Ontarians quit smoking, we need to be reaching out to as many smokers as possible. We need to reiterate the message that quitting smoking doesn't have to happen the first time you try it, because a lot of people try. It's very difficult; it's an addiction. So it's about that ongoing

support that says if you tried once, that's fantastic. If you were smoke-free for even a week, you probably added—I don't know; I've got two physicians here. But even if you stopped smoking for a week, you've done something to help add to the quality of your life over your lifespan.

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It's to really go back and see how we can reach more Ontarians and help them quit and how can we send that message that it's okay to try and fail the first time, but just keep trying. If you try enough times, hopefully most people will get there.

There are many tools: There's counselling, there's do-it-yourself, there are support mechanisms, there's pharmacological interventions. There are many different ways here in Ontario. We really have state-of-the-art cessation supports, and we do our best to reach as many Ontarians as possible. I know that we'll continue to look at innovative ways of how we can not only reach Ontarians but, as I said, let them know that they're not in this alone. They have the supports, and every quit attempt counts.

I'm happy to answer if you have any further questions on this because I know this is an important topic for all of us.

The Chair (Ms. Cheri DiNovo): I'm afraid the government is out of time except for about two seconds.

Ms. Sophie Kiwala: I just wanted to thank you for your work.

The Chair (Ms. Cheri DiNovo): We will stop there. We will go to the official opposition: Mr. Yurek.

Mr. Jeff Yurek: Good morning.

Hon. Eric Hoskins: Good morning.

Mr. Jeff Yurek: I just want to pick up about the health units. My understanding is that 28 of the 36 health units' funding is frozen for an indefinite period. Is that about right?

Hon. Eric Hoskins: No. Our public health units, of which there are 36, were consistently informed since last year—again, it's a little bit challenging. Their funding cycle is based on a calendar year versus ours, which, of course, is the fiscal, ending March 31. In our discussions with public health units, we were consistent that they should expect a 0% increase this year.

However, based on a tremendous amount of work by my officials in the ministry, as well as a number of studies that have been accomplished with the public health community over a number of years, we had the opportunity to introduce a new funding formula for public health this year. The incremental increase, which this year is 2%—we used the funding formula, the new one, to allocate the increase of 2% to the global public health budget to those public health units that, based on the formula, warranted an increase. That formula does a much better job than the previous formula did in terms of allocating resources or at least pointing to a requirement to allocate resources based on public health need in the catchment area.

Mr. Jeff Yurek: So the documents I've read are with your new funding formula: 28 out of 36 health units will

have 0% increase until there's a balance with the other eight health units?

Hon. Eric Hoskins: It is as I described it. Historically, we provided a 2% increase to the public health budget; we've done that this year as well. However, in a model which took many, many years to develop with the sector itself and experts and reviews and studies, that 2% incremental increase in the public health budget, the incremental component, has been allocated to a specific number of public health units, which, by utilizing the new formula, indicated that they should see an increase in the funding. With the others, the formula did not determine that they should require an increase.

Mr. Jeff Yurek: So they're not getting an increase, the other health units, just a select few will get the 2% increase?

Hon. Eric Hoskins: Can you say that again? I'm sorry.

Mr. Jeff Yurek: Just a select few will be getting the 2% increase?

Hon. Eric Hoskins: I wouldn't describe it as a select few. I would describe it, based on the model that we took many years to develop with the sector itself and that enjoyed the confidence of the sector, as the incremental, the 2% increase, this year was allocated to those public health units that, through use of the formula, had a demonstrable need for increased funding based on the public health needs of the population.

Mr. Jeff Yurek: Is this a one-year hold on the 28 health units and, next year, do you expect all the health units to get the increase? Or are they frozen—

Hon. Eric Hoskins: I don't believe we've determined that on a go-forward basis, but part of the reason to focus on the distribution of the incremental increase—and remember, there is a 2% increase to the public health envelope in this province this year, as there has been in past years, but to mitigate any potential negative impact, we did not cut the funding or decrease the funding of any public health unit. We allocated the new, incremental 2% according to the new formula. That's what we have done this year and it hasn't yet been determined what our approach would be next year.

Mr. Jeff Yurek: Okay. Because my health unit in Elgin was just notified that they're frozen, six months into the year.

Hon. Eric Hoskins: It would not come as a surprise to them, because consistently, since last year, we had indicated to all public health units that they should expect a 0% increase.

Mr. Jeff Yurek: Sure. They're fine for this year; however, they're under the understanding that this is an ongoing freeze until there is a balance with the new funding model. Rural Ontario, where my main health unit is, and others throughout northern Ontario are left with trying to deal with how they are going to deal with the natural increase in the budget with salaries and benefits, when in fact the funding is frozen. Are the municipalities going to have to pick up the increase?

Hon. Eric Hoskins: I would anticipate that you would agree with the premise behind the new formula, which is to allocate the resources based on the public health need of the population. So those parts of the province where there is an identified demographic and other public health—where we are able, through utilization of the formula and the data that we have that goes into that formula, to determine where the greatest need is. I would hope you would appreciate that the increase in funding—we're not talking about the base funding that public health units receive, but the increase in funding—should be allocated to where the need is greatest, based on science and evidence.

Mr. Jeff Yurek: I'm not going to argue with you on that fact, but it seems to me that the health units that are now frozen are in rural and northern Ontario, which don't have the other resources to the health care system that, say, Toronto would have or London would have. Who's going to be picking up the gaps that will be created when the health units are no longer able to—they're either going to have to cut staff or cut services to maintain their budget.

Hon. Eric Hoskins: This was a formula that was developed over many, many years and a number of specific studies that went into it that engaged, in an exceptionally substantial way, the sector itself that we're talking about. We historically had a process where, really, without any forethought, without any consideration as to the actual public health need—and we had the data to demonstrate that need—we would provide across-the-board increases. As with what we are doing with our hospitals, where we are focusing more on quality and outcomes, we feel that it's a responsible use of taxpayers' dollars when we're allocating additional funds—and we're talking about the incremental, additional increase of 2% this year—that we have a formula, based on science and evidence, that can express the public health need of a particular jurisdiction. So the incremental funding—I think it's a responsible decision by government that would be supported by our taxpayers if that incremental funding would go to those who require it.

Mr. Jeff Yurek: When will these health units know if they'll be frozen again next year? When will you notify them for their budgeting purposes, so we'll know whether or not municipalities will have to pick up the slack?

Hon. Eric Hoskins: Roselle was a lot easier to turn to when she was there. Now she's disappeared to the back.

Dr. Bob Bell: Just while Roselle is coming up, I'll mention, Mr. Yurek, that this year we're also looking at a review of the Ontario public health standards to determine whether they need to be modernized, so the expectation that we have of public health units to work on mandatory programs, for example, will be reviewed in terms of best practices. We may be changing some of those standards, which may help to focus the work in the public health units and allow them to deal with their budgets.

I should say that the funding review working group that came up with the advice that we took to heart in

terms of the funding formula that we have used was strongly advised by public health, looking at issues like the socio-economic determinants of health, looking at population growth in various areas, looking at the cultural diversity of various areas—

Mr. Jeff Yurek: Sir, I don't mean to cut in. I know we're trying to eat up 20 minutes here, but the question was: When will the health units know if their funding will be frozen next year?

Hon. Eric Hoskins: They will be informed before the end of this calendar year.

Mr. Jeff Yurek: This calendar year. So by March 31?

Hon. Eric Hoskins: The calendar year, by December 31.

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Mr. Jeff Yurek: Calendar? Sorry. December 31. Great. Thanks.

Just moving on to the CCACs, I'm sure you've read the Auditor General's report, as I've read it. It noted that almost 40% of the budget is going to bureaucracy. You could argue that 40% down to 30%; still, that's a heck of a lot of money going to non-patient care. How long have the CCACs been operating with that high a percentage of money going to the bureaucracy, do you know?

Hon. Eric Hoskins: I know that the Auditor General looked at one point in time. Part of the challenge that she, herself, recognized and identified in her report was that there is not and has not been a consistent methodology behind measuring direct patient care or direct patient contact, and the differences between the two, and administrative costs and overheads. There hasn't been a clear definition—not just in our CCACs, but really that's a challenge that is faced across North America.

So she provided us with that definitional clarity. She looked, at one point in time, with definitional clarity that—as I mentioned, generally speaking, there's tremendous diversity across North America. It's difficult to say that that information would be available in retrospect without doing the sort of in-depth analysis that she did, given that she provided new definitions.

Mr. Jeff Yurek: So you have nothing in place to see what money is going to bureaucracy in the system?

Hon. Eric Hoskins: That's not what you asked, right? You asked if we had historical data.

Mr. Jeff Yurek: How long? So you don't have that data to know whether the money went to the bureaucracy.

Hon. Eric Hoskins: We certainly have historical data.

Mr. Jeff Yurek: Will you provide it to the committee?

Hon. Eric Hoskins: If you'll let me answer, we have historical data that articulates the nature of the expenditures of our CCACs, but you had asked me, and you gave figures quoting or paraphrasing the Auditor General's report, using a definition which—actually, she uses several definitions—

Mr. Jeff Yurek: What definition did the Ministry of Health use?

Hon. Eric Hoskins: I think that it would be our view—and I should say that I'm on record several times, as you know, welcoming and embracing and agreeing

with every single one of the Auditor General's recommendations and have indicated that the government will be implementing all of them. So I've welcomed her report; it provides us with an extremely important road map. She uses a number of figures. She suggests at one point that, inclusive in those figures that you quoted, care coordinators would be included in that. I believe that our care coordinators are not administrative overhead—

Mr. Jeff Yurek: But if you remove the care coordinators, it goes down to maybe 30%, she was saying. So do you not think that 30% rather high for bureaucracy?

Hon. Eric Hoskins: But then she also uses another definition which brings it into the 80% range: when an individual—if their responsibility is to purchase or obtain a piece of medical equipment that's required for a home care patient. I would be of the view that that's not administrative overhead; that's direct patient care. So if you are prepared to accommodate that definition—

Mr. Jeff Yurek: That equipment goes through a contractor, so actually the contract is providing the equipment piece.

Hon. Eric Hoskins: No, that's a requirement within the CCAC, so that's not a third-party exercise.

Developing a care plan for an individual receiving home care: I don't believe that that's administrative overhead. As a health care professional, I believe that that's an important aspect.

Mr. Jeff Yurek: So what is the Ministry of Health's definition? What definition are you going to be following?

Hon. Eric Hoskins: I greatly appreciate the definitional clarity that the Auditor General has provided. We intend to act on her recommendation, which is, among other things, to do a full-system review to ensure that, through our CCACs, we are providing the maximum return on investment for the taxpayer dollars that are invested in that aspect of our health care system. Whatever definition we use, the Auditor General was clear in her recommendation that we can do better. So we'll continue to work with our CCACs to find those operational efficiencies—

Mr. Jeff Yurek: When do you expect to have that definition in place so that it's across the board, so that we can have an understanding going forward on what percentage of the money is going into bureaucracy? We can have an understanding so that the next time the Auditor General finds that almost a billion dollars is going into the bureaucracy—what definition are we going to use, so we can watch the trends of money in the system?

Hon. Eric Hoskins: I suspect that the Auditor General will make a decision to review the progress made in the future, so she'll have the opportunity to define those various costs as she wishes to. She has provided three different definitions: one for direct patient contact, one for direct patient care and then a broader definition. We have the data so that we can comfortably provide evidence of expenditures, regardless of which of those three definitions might be used.

Mr. Jeff Yurek: What target would you aim for? What target are you going to put in place so that CCACs have a

benchmark to reach with regard to how much money goes to administration?

The Chair (Ms. Cheri DiNovo): Mr. Yurek, you have about five minutes left.

Hon. Eric Hoskins: The ministry is in the process of—we've accepted and we're reviewing the Auditor General's report. We're consulting with our CCACs and other health care providers to determine how best to implement the 15 specific recommendations. We've already taken some steps—

Mr. Jeff Yurek: Are you going to come up with a target, or are you going to let CCACs have full rein to put money into bureaucracies as they see fit?

Hon. Eric Hoskins: That might be a decision that you would take. It's not a decision that I would take, of course—

Mr. Jeff Yurek: So you won't put any guidelines or metrics in place?

Hon. Eric Hoskins: Before you give me that kind of a binary question suggesting that I have to choose between one or the other—

Mr. Jeff Yurek: I'm just saying that you put in a target for CCACs across the province, saying, "Do not go above X% in your bureaucracy so that money is going to front-line care." What you're saying is the Wild West: "Do what you want." We've seen Champlain's CEO go up 72% in his own wages.

Hon. Eric Hoskins: That might be the history of your party; it's not the history of ours.

Mr. Jeff Yurek: Our party?

Hon. Eric Hoskins: You're putting words—

Mr. Jeff Yurek: You've been in power 12 years, Minister—

Hon. Eric Hoskins: You're trying to put words in my mouth, and I'm not prepared to accept that. You may choose the Wild West—

Mr. Jeff Yurek: I asked a plain question: Are you going to make a target for bureaucracy in the CCACs?

Hon. Eric Hoskins: With respect—

The Chair (Ms. Cheri DiNovo): One at a time, please.

Hon. Eric Hoskins: With respect, you may choose the Wild West, but I'm not—

Mr. Jeff Yurek: Are you going to make a target? Yes or no?

Hon. Eric Hoskins: I've indicated to the Auditor General and I've indicated publicly that we accept her report. We'll be implementing all 15 of her recommendations. Some of those recommendations pertain to efficiencies that we can find in the system—a system review. But I would hope that you would appreciate that, rather than jump into this immediately, we would take the time to review the report, to have the ministry analyze it, to review the recommendations, to consult with the sector—not just the CCACs but the entire sector—to actually find the best way to proceed to effectively implement those 15 recommendations.

Mr. Jeff Yurek: So it's okay that there is no target, no direction, from this ministry with regard to the bureaucracy. It's fair game.

Hon. Eric Hoskins: I think I've answered your question.

Mr. Jeff Yurek: I don't think you have.

Hon. Eric Hoskins: I think you want me to answer it in a way that I'm not prepared to because, as I mentioned, we're endorsing and implementing every single one of her recommendations—part of that includes finding further efficiencies. My responsibility as health minister is to make sure that we invest every single dollar that we receive so that it is most effective in improving patient care.

There's no question—and the Auditor General points to this—that substantial improvements can be made in the area of home and community care, specifically in reference to our CCACs. We're embarking upon that. As a result of Gail Donner's report earlier this year, we implemented a 10-point action plan to begin to find those efficiencies, to be able to make sure that we're maximizing the dollars that go to patient care. That's my obligation and my responsibility, and I take it very seriously.

The Auditor General's report that came out at the end of the summer: The ministry is doing their due diligence to make sure that we are implementing, in a responsible fashion and in partnership with the health care sector—we have a work plan to effectively implement all 15 of her recommendations.

Mr. Jeff Yurek: So it is your responsibility to ensure that dollars reach patient health care, as Minister of Health. Would you say, then, that the previous health minister failed in allowing 40% of dollars to go to the bureaucracy in CCACs?

Hon. Eric Hoskins: I would say that I take my responsibility very seriously. The Auditor General has provided us—alongside Gail Donner's report from the Expert Group on Home and Community Care—with very good advice, and I intend to take that advice very seriously and implement all of her recommendations.

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We have made it clear that home and community care is a priority for this government. We're investing roughly \$250 million a year more for each of the next three years. It's roughly a 5% increase. We've increased dramatically home and community care since we came into office in 2003. So we'll continue to do that. We'll continue to make those improvements.

Mr. Jeff Yurek: Thank you.

The Chair (Ms. Cheri DiNovo): We now move to the third party: Madame Gélinas.

M^{me} France Gélinas: I just wanted to close on my health unit questions just to make sure that I will get what I want.

We all know that a wealthier neighbourhood is a healthier neighbourhood. The relationship between money and health, everybody knows it's there. We now have a new funding formula that shows that 80% of health units in the province are overfunded. This number,

by itself, to me, puts in question the validity of the new funding formula. How could 80% of our health units be overfunded? I cannot wrap my head around that.

But not only that, I've asked for the list that I will hopefully get from your ministry—the list has been shared with me informally already, but I want to make sure that I get the one from you guys. It's becoming clearer and clearer that if you are a small health unit, if you are in a rural or a northern area, you are the one who is being red-circled and you are the one who is going to have a flatlined budget till you catch up, which leads me to believe that the money is going to big, urban centres where you find the healthy population and the wealthy population. How certain are you that you got this new funding formula right to meet the public health needs of the people of Ontario who live in the north, who live in small catchments area of health units or who live in northern or rural Ontario? How robust is this?

Hon. Eric Hoskins: The formula which—believe me, and I think Roselle, to my left, can attest to the fact that it took many, many years for it to be developed. In fact, I think the most recent iteration—am I right that the process was chaired by our interim Chief Medical Officer of Health—

Ms. Roselle Martino: Yes.

Hon. Eric Hoskins: —and with wide engagement from public health officials and front-line public health workers as well. There are variables in there. For example, there's a specific variable to accommodate the unique challenges faced by our aboriginal population. There are other variables inclusive that recognize the unique challenges that, for example, our north and remote areas might face. This is a formula in which a tremendous amount of effort was invested to ensure that we get it as right as possible, and it's a formula that the public health community supports as well.

M^{me} France Gélinas: They do not. You're getting the same letters that I'm getting. I have Porcupine, I have—

Hon. Eric Hoskins: But that process, which was many years, and that support did not extend to the point in time where specific public health units became aware of the impact of that formula. So the formula is supported—

M^{me} France Gélinas: But that's not my question, Minister. My question is, do you believe that 80% of our health units are overfunded?

Hon. Eric Hoskins: But it's not a matter of overfunding. The formula, which is evidence-based with the sorts of variables in mind that I gave reference to—that that has indicated very strongly and very clearly to us that there are a number of public health units which are underfunded. If you make your funding determination based on public health need, it identified that there are a number of units that need to benefit from those incremental resources, and that's what we've done.

M^{me} France Gélinas: I agree with you that some of them are underfunded, but I don't believe that 80% of them should be red-circled and have a flatlined budget. They are not overfunded, but I'll put health units aside for now.

Hon. Eric Hoskins: If you'll allow me, it was my decision to limit the impact of the formula this year to the incremental portion, the 2% increase that we allocated to the public health envelope. So we've mitigated any potential negative effect on any public health unit.

All public health unit funding is being kept whole compared, to last year, on a calendar year basis. It was just that 2% increase based on a formula that was developed by the ministry in concert and collaboration with the public health sector itself, the process led by a public health physician, who later became the interim medical officer of health—a formula that I have much more confidence in than what historically, for a number of years, has simply been without thought, one could argue: an incremental increase given across the board to every public health unit without any reference at all to need.

M^{me} France Gélinas: Well, 80% of our public health units are not overfunded, and they're being red-circled right now and seeing no increase. I don't think we got it right, but I need to move on because I'm conscious of the time.

You gave me this piece of paper, the 2015-16 infrastructure investments in hospitals. You gave that to me last week—much appreciated. It's a list of 32 major hospital projects and planning under construction. I would like a few more columns to be added to this page. The first one is estimated completion dates; I'll go in alphabetical order. It says Atikokan General Hospital phase 1 redevelopment project: under construction. What are the expected completion dates, and what is the expected budgeted amount for each of those projects? Is this information that I can find someplace, or is this information you could give me?

Hon. Eric Hoskins: I will consult with the ministry to see if that information can be made available to you.

M^{me} France Gélinas: Very good. All right.

The last time I was in estimates, I spent a whole lot of time—it was back in 2012-13, and I don't know how come we didn't have them for a couple of years, but here we are.

We are moving hospital funding to HBAM, as well as to quality-based procedures. When it was first introduced—it says that we expect the base budget for hospitals to account for about 30%, HBAM to account for 40% and QBP to account for about 30%. Do we know where we are at right now? Are we meeting those targets? Are we there yet?

Hon. Eric Hoskins: I'm sure we do know where we're at. I am speaking slowly, imagining that some support may be provided—

Interjections.

M^{me} France Gélinas: It's pretty active behind you.

Hon. Eric Hoskins: —or, if it isn't being provided momentarily, it's something—do we have it?

Interjection: Yes.

Hon. Eric Hoskins: Even better. My deputy to my right has the answer.

Dr. Bob Bell: Ms. Gélinas, you described it appropriately. The health system funding reform anticipates that

we will have roughly 40% of hospital funding based on the health-based allocation method. Now, 37% of the entire hospital funding is based on the health-based allocation method. It also anticipates that we're moving towards quality-based procedure funding for a further 30% to account for 70% of the hospital's entire funding within the health system funding reform model.

Currently, this year we're anticipating that 13% of hospital funding will be based on quality-based procedures—these have been introduced—procedures such as hip and knee surgery, congestive heart failure, chronic obstructive pulmonary disease, cataract surgery—a number of different interventions. Surgical procedures have had best practices developed by expert panelists who outline best practice, and from that we estimate what the costing should be. Another big example is stroke care.

I can tell you, travelling around the province, the impact of quality-based procedure funding has been dramatic in that we have not only groups of experts working with Health Quality Ontario in developing these plans, we also have groups of physicians and nurses sitting around hospital planning tables across the province, looking to see whether or not their routine practices match up to the excellence of the procedures suggested in the quality-based program best practices.

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We're moving this forward. It's currently at 13%, as mentioned, heading toward 30% in the next year. We have a number of cancer surgeries—breast cancer surgery, colorectal cancer surgery—currently with the best practices being developed that will allow us to adapt further procedures to the quality-based funding mechanism.

M^{me} France Gélinas: Could I have a list of the quality-based procedures and the amount of money attached to each of them that are presently making the 13% you shared with me, as well as the list of—

Dr. Bob Bell: Future?

M^{me} France Gélinas: Yes.

Dr. Bob Bell: Yes.

M^{me} France Gélinas: Okay, thank you.

That's for the 90 hospitals that are covered. For the 55 that are considered rural and northern, can I have the breakdown as to what their funding is made up of—what is their funding?

Hon. Eric Hoskins: I'll obviously take your request to the ministry. We'll consult to see if that is information that we can provide you.

M^{me} France Gélinas: Okay.

It used to be that in the funding schedule of the hospital accountability agreement, it used to be posted on the LHINs website so that people like me could go and see this. Now the LHINs don't do that anymore, and when I ask, they say, "You have to go to the website of the individual hospital"; that it's the hospital that will share the schedule of their funding agreement. Some hospitals do this very well; some hospitals don't at all.

What should be happening here, and how come this information used to be available and now it's really hard to get that info?

Hon. Eric Hoskins: The deputy might have a perspective on this or not, but I think you raise a really important question. I wasn't aware that this was part of the practice in the past. Obviously, the consistency with which this information is provided at the level of the individual hospital is important. It's something that we'll look into.

M^{me} France Gélinas: Okay, but is the practice that the LHINs make the accountability agreement available, or that the individual hospital does?

Hon. Eric Hoskins: Anybody know?

Dr. Bob Bell: My understanding is that it's the individual hospitals, simply because they have better understanding of the various impacts that has. But we'll follow up with that.

Hon. Eric Hoskins: Even that being said, there is no reason why we can't make it easy for the public to access that information. So even if it's at the level of the individual hospital, I think what I'm hearing from you is that we perhaps could do a better job to make that information easily accessible.

M^{me} France Gélinas: Correct.

Just before I go away from HBAM and QBP funding and all of this, when HBAM was introduced in 2012, the government said that 60% of hospitals would see an increase in funding under this model. Since 2012, how many of those 90 hospitals actually saw an increase and how many saw a decrease in funding?

Hon. Eric Hoskins: Please, if you have the answer, go ahead.

Dr. Bob Bell: I don't have exactly that answer; we'll pull that answer together.

The HBAM portion of health system funding reform has been consistent with a \$5.1-billion base that has been evaluated every year. The additions to that funding have been related to the post-construction kinds of operating budgets that we add to hospitals on a regular basis. As new capital projects are brought into the service of patients, they are supported by the operating budgets for those hospitals. But the actual HBAM allocation has remained consistent. How many hospitals have increased their HBAM allocations and how many of them have decreased their allocations: The actual sum of money has stayed constant. The proportion of hospitals that have increased from year to year changes, of course. Each year there will be variability in the number of hospitals.

If I'm understanding, you'd like to know in the past year how many have increased and how many have decreased. Is that a reasonable—

M^{me} France Gélinas: Yes, you understood my question. I go from a statement. The government—the Ministry of Health, the minister at the time—made a statement that 60% of hospitals would see an increase in funding through HBAM. So—

The Chair (Ms. Cheri DiNovo): I'm afraid we are at the 10:15 mark. We will pick this up later as we recess until this afternoon at 3:45.

The committee recessed from 1015 to 1554.

The Chair (Ms. Cheri DiNovo): Good afternoon, members. We will now resume consideration of vote 1401 of the 2015-16 estimates of the Ministry of Health and Long-Term Care. When we recessed this morning, the third party had five minutes and 32 seconds left in their rotation. Madame Gélinas, please proceed.

M^{me} France Gélinas: All right. We were talking about hospitals, and I will continue with a few questions.

When I reviewed some of the questions I asked you this morning, I'm not sure I got a full answer. Remember I was talking about HBAM and QBP and global budget?

Hon. Eric Hoskins: Yes.

M^{me} France Gélinas: I just wanted to make sure that when you agreed to give me that information, it will be broken down by 90 hospitals, I think it is, that presently get funded that way. You've given it to me province-wide, but I want it hospital by hospital.

Hon. Eric Hoskins: By individual hospital? Okay. I hope I mentioned this morning that I'd be happy to speak with the ministry about your request.

M^{me} France Gélinas: So if it's feasible, it will come?

Hon. Eric Hoskins: I will certainly review that with the ministry, just to follow up on your request.

M^{me} France Gélinas: Thank you. I think one of the last questions that I had asked was, remember that in 2012, the government said that 60% of hospitals would see increased funding under the new HBAM funding model. I will have a list of hospitals that saw an increase since 2012, and a list of hospitals that didn't?

Hon. Eric Hoskins: The deputy and I were just talking about that as well. We're not familiar with the time period that that 60% referenced, whether it was for the current or perhaps the next year, or over a period of time. Given a certain amount of ambiguity, at least on our side, with respect to that specific statement that was made, I've asked the ministry to examine it in the context of the request that you've made. Unless you have that clarity, we need to examine what time period or point in time it was actually referring to.

M^{me} France Gélinas: Okay, I'll make it simpler. This is something that was introduced in 2012. If we look at 2012-13, 2013-14 and 2014-15, you can give it to me as a chart over time as to what the funding is for hospitals that are within those 90 hospitals that receive HBAM funding.

Hon. Eric Hoskins: Perfect. Thank you for that clarity. I think the ministry no doubt has taken note of that and will examine your request.

Dr. Bob Bell: If I could perhaps expand just a little bit on that. Part of the difficulty we have, Ms. Gélinas, is that year by year, HBAM has changed in that there were mitigation corridors put around HBAM. As you know, this is the fourth year that the health-based allocation method has been used. It's the first year that there's no formal mitigation.

If we look at year 1, hospitals that had more than 2% negative variance could not lose more than 1% or 2%. Hospitals that had efficiency variance or population

growth variance greater than an upper mitigation corridor couldn't gain more than that.

That's part of the reason why we were sure, in the early days, that more hospitals would win than lose. That was true through the first three years. There were mitigations, especially on the bottom end, of the HBAM results, the efficiency results, the population growth results that hospitals served.

This is the first year that all mitigation has been removed, so if you're quite inefficient with respect to your actual versus expected costs per weighted case, there could be a substantial reduction in funding, but not so much if you look over the four years, because hospitals have had the opportunity to improve.

We're still, of course, providing mitigation funding to hospitals that have difficulties, but no longer in a formal way where we calculate the mitigation and apply that immediately; now it's on a case-by-case basis. Anticipating hospital and improvement plans to improve efficiency are part of the plan that will allow us to provide mitigation.

M^{me} France Gélinas: Yes. I will leave it up to you to give me as much detail as you want. But at the end of the day, if I just get the amount—whether it's the amount because it was within the 2% or not—the actual amount that was transferred, I will be happy with that. If you want to add information as to how it was calculated, I will be even happier.

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Hon. Eric Hoskins: Okay.

M^{me} France Gélinas: Sounds good?

This year, the ministry made a \$7-million announcement for small hospitals. Fifty-six of them were notified that their base funding would be increased, but there are 78 hospitals with fewer than 100 beds. When you use the term "small hospital," do you always mean the 56—which I thought were 55—or the 78—

The Chair (Ms. Cheri DiNovo): I'm afraid we're going to have to wait for the answer to that, because your time is now up.

M^{me} France Gélinas: The suspense will be—

Hon. Eric Hoskins: We'll come back to that.

The Chair (Ms. Cheri DiNovo): We will move to the government side: Mr. Ballard.

Mr. Chris Ballard: Thank you very much, Minister and Associate Minister, for your information so far today. As usual, during estimates, this is very enlightening, very educational. I always appreciate the opportunity to listen and to learn on a wide range of topics. It's an interesting committee to be sitting on.

My question is to you, Minister Damerla. Parents in Ontario expect that their children will enjoy every opportunity to grow up healthy and happy and ready to be successful in life, and they expect our government to work together with them to support their efforts to raise healthy families.

I know, as a parent of three now-adult children, I can look back on some of the struggles. I wish I hadn't been so concerned about certain things, looking back. Now,

seeing where my kids are, we're quite proud and happy about where they're at.

I think my children's generation was probably the first generation to have grown up with a computer and were expert computer users long before I was an expert computer user, and really have never known life without computers.

An interesting comment, as a bit of a sidebar—yesterday's report on the number of children, I believe, under the age of four who spend time using touchpad devices. It reminds me of a friend who was at the dentist's recently, watching a toddler trying to swipe the National Geographic to change the page and couldn't figure out—thankfully, her mother filled her in on this old technology called a magazine, and she was off and having a good time. I'm meandering a little bit along there.

As a parent, you're concerned about, is your child sitting too much? Are they in front of this computer too much? It used to be, when I was growing up, that my father would say if I watched any more TV, he would be able to see the CBC logo in my eyes.

We have these concerns about making sure our children are healthy, making sure our children are active. I know, when my children were in elementary school, one of the things that drove me absolutely crazy was the loss of physical education opportunities for them. Thankfully, that has come back. I see in our elementary schools now that there's lots of time for kids to be outside, running around, blowing off steam, getting some exercise, those kinds of things. I know parents today have these concerns. I worry that even the current generation, the current group of young children, don't even have the opportunities, we'll say, that my children had to be active, to be healthy.

I know that in doing some reading over the time—we can agree that Ontario's families deserve, really, nothing less than the best for their children. A statistic that I find really shocking comes from 2012, that almost one in every three children in Ontario had an unhealthy weight. I don't know; I don't seem to think that it was that bad when my children were that age. So, as a parent, I worry about, when I have grandkids, where they are going to be at. Are children spending too much time in front of the television, the computer, not being active enough, or whatever?

With that 2012 stat that one in every three children in Ontario had an unhealthy weight—the problem, we're told, is more severe in boys than girls. I've seen this firsthand from my work in Canada's Far North, particularly in aboriginal children.

I'm wondering what you can do to give us an update on what initiatives your ministry has taken to promote healthy weights in Ontario's children.

Hon. Dipika Damerla: Thank you for that excellent question. When I first heard the statistic that you just mentioned, that one in three Ontario children has an unhealthy weight, I was taken aback as well. Part of it is, as you've said, a generational shift. When I was growing up, my mother was mostly concerned with me eating

more and more. It was all about, "Eat, eat, eat!" I guess it was because we were so active.

Mr. Chris Ballard: My mother had three boys, so it was, "When are you going to stop eating? We can't afford this."

Hon. Dipika Damerla: I hear you.

To turn that around and now move towards the idea of a healthy weight but from a different perspective is certainly a societal shift, and it's one that's taking place across many, many jurisdictions; Ontario is one of them. That's why, in 2013, our government created the Healthy Kids Panel, a panel of experts to recommend how the province could keep more kids at healthy weights.

The Healthy Kids Panel submitted its report, *No Time to Wait: The Healthy Kids Strategy*, to the then Minister of Health and Long-Term Care in March 2013. In response to the panel's recommendation, our government launched Ontario's Healthy Kids Strategy, which takes a whole-child approach to healthy child and youth growth and development.

The Healthy Kids Strategy is focused on three pillars. The first one we call a healthy start, which supports health before and during pregnancy to build a foundation for a healthy childhood and beyond. The thinking here is that if the focus on being healthy starts when the mother is carrying the child, when the mother is still pregnant—the evidence shows, for example, that breast-fed children tend to be of healthier weights than children who are not breast-fed. That's where the idea of the healthy start comes.

The other pillar that we have is healthy food, which is kind of self-explanatory. It's not just about how much we eat, but also about what we eat, and that healthy food lens.

Finally, we have healthy, active communities, which are initiatives like the Healthy Kids Community Challenge, which I look forward to talking about, which works to build healthy environments for kids in their communities.

If you'll indulge me, I'd like to drill down a little bit on these three strategies, which are healthy start, healthy food and healthy, active communities.

Mr. Chris Ballard: Please.

Hon. Dipika Damerla: The healthy start initiative is primarily focused on providing breastfeeding supports, including breastfeeding telephone supports, which, as of April 2014, provide 24/7 expert breastfeeding support for mothers and expectant mothers through Telehealth Ontario, which provides confidential breastfeeding support, advice and referrals from registered nurses with specialized breastfeeding training.

I really think that support is key. As a young mother, I still remember going to St. Michael's Hospital. Next to St. Michael's Hospital but attached to it, there was this wonderful doctor. I can't remember his name now, but when I was struggling and my baby was just weeks old, I went to him for some support around breastfeeding. I can tell you this, MPP Ballard: Without that support, I don't know if I would have continued to breastfeed.

Eventually, I wound up breastfeeding my child much, much longer than the recommended six months, but that initial support made a world of difference. So I am really invested in the idea of being able to provide new mothers with breastfeeding telephone supports.

Baby-Friendly Initiative Ontario, which is a collaboration with organizations such as the Health Nexus Best Start Resource Centre in Toronto East General Hospital, is leading the delivery of supports, resources and training to hospital and community-based health care organizations seeking the baby-friendly initiative designation, the globally recognized standard for infant feeding and breastfeeding promotion.

Again, the idea is that the vast majority of moms will have their babies in hospitals, so how can we make those first two or three days when a new mom who has just had a baby and is in that hospital—how can we make the environment in that hospital breastfeeding-friendly? That is really key. That is another piece to our healthy start.

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The final piece to our healthy start is the targeted breastfeeding supports, which our government is funding through the Health Nexus Best Start Resource Centre, to administer grants to community organizations to develop and implement new initiatives targeted for mothers in population groups that have lower rates of breastfeeding and/or who experience challenges accessing existing breastfeeding supports.

That takes care of pillar number one.

I'm moving on to the healthy foods pillar. I'd like to talk about a key initiative by which we can ensure our young people are getting the healthy foods they need, and that's the Student Nutrition Program. It's led by the Ministry of Children and Youth Services. The program provides nutritious meals to school-aged children and youth. During the 2013-14 school year, the program served more than 756,000 children and youth across 4,450 programs. That just gives you the breadth and width of this program.

Through the Healthy Kids Strategy, our government has also been able to increase support for the Student Nutrition Program by \$3 million. As a result of this, approximately 250 programs in previously unserved schools were implemented during the 2013-14 school year.

Finally, I want to come to the active living piece. A big piece of that active living is a program which I am very excited about, and that is the Healthy Kids Community Challenge. We have selected 45 communities across Ontario, led by municipal governments. These are 45 municipalities across Ontario that are getting funding from the province of Ontario to lead locally designed and locally implemented strategies to help kids in that community lead a more active life and eat healthier. The key over here is, it's community-led. It was a competitive process. A number of municipalities and other groups applied for it. The groups that were successful, the communities that were successful, were the ones that had an application that was collaborative, that showed leadership

by the municipality, but the municipality coming forward with a number of stakeholders and partners to lead this program.

I just wanted to give some idea of some of the communities that are going to be receiving this funding. I just wanted to share that, so if you will bear with me, with the modern technology that we were talking about—

Mr. Chris Ballard: You need a toddler to operate that. We need toddlers to operate this modern technology, I find.

Hon. Dipika Damerla: Yes. Apparently, I'm going to rely on a more traditional one.

Mr. Chris Ballard: Oh, good—paper.

Hon. Dipika Damerla: It's a little bit easier.

The 45 communities—and I think, committee members, you will be very interested to learn of that—are the Misiway community health centre, an aboriginal health centre; Centre de santé communautaire CHIGAMIK Community Health Centre; Wabano Centre for Aboriginal Health Inc.; Noojmowin Teg Health Centre; De dwa da dehs nye>s Aboriginal Health Centre; Shkagamik-Kwe Health Centre; town of Collingwood; township of Uxbridge; town of Georgina; county of Hastings; city of Peterborough; city of Toronto; city of Burlington; town of Ajax; city of Oshawa; city of Sault Ste. Marie; city of Kenora; city of Temiskaming Shores; city of Greater Sudbury; city of Thunder Bay; town of Thessalon; regional municipality of Waterloo; city of Windsor; municipality of Lambton Shores; city of Hamilton; regional municipality of Niagara; city of London; city of St. Thomas; municipality of Grey Highlands; county of Huron; city of Guelph; city of Brantford; county of Middlesex; town of Aurora; county of Renfrew; city of Ottawa; the united counties of Leeds and Grenville; city of Kingston; township of Alfred and—Deputy, can you help me with that?

Dr. Bob Bell: And Plantagenet.

Hon. Dipika Damerla:—and Plantagenet—thank you; municipality of Chatham-Kent; town of Marathon; and the town of Kapuskasing. That's 42, so there should be three others—oh, the city of Toronto accounts for four communities. I think we have covered the entire province.

What's really exciting about this is it includes the aboriginal communities. I've had the opportunity to go to a number of these communities, and I can tell you, MPP Ballard, that the communities that have received this funding are so excited about this. When I was in Hamilton, I was at the De dwa na dehs nye>s Aboriginal Health Centre, and they couldn't talk enough about how they needed this funding to really provide tailored, culturally appropriate programs for aboriginal children in that area. They talked about how it's moving from that one-size-fits-all approach to saying, "What are the cultural needs of the community?" and "What would resonate with the community?" when you want to create an environment that's healthier for the children of that community. It was so nice to see the passion—and they felt recognized. They felt really acknowledged that—

The Chair (Ms. Cheri DiNovo): Mr. Ballard, I'll let you know that you have just under five minutes left.

Hon. Dipika Damerla: Thank you. I had a similar experience when I was in Windsor.

In every town that I went to for the announcement, without fail, the mayors were there, and we know how busy they are. This was because this was so important to every single community.

I'm really looking forward to the rolling out of this particular program, and I think it certainly is a key piece of the Healthy Kids Strategy. But MPP Ballard, as you know, we're not stopping here. We have the minister's working group, and you're a part of that, so you're aware of the fact that we continue to look at what else is out there that we can do to help tackle this issue and ensure that Ontario's kids are of a healthy weight.

Mr. Chris Ballard: Very good. Before our time wraps up, I just wanted to thank the ministry. As you mentioned, Aurora is one of the towns in my riding of Newmarket-Aurora that has received funding and assistance through the Healthy Kids Community Challenge in partnership with a fantastic environmental organization called Windfall Ecology. So I'm really looking forward—they haven't told me all of their exciting things that they've got planned, but I have a feeling that between the town of Aurora and Windfall, they're going to have some really great ecology-based activities for young people today. I know they were so thrilled—the mayor, members of Windfall Ecology, councillors, members of the community—to see us coming forward and recognizing their good ideas instead of, as you said, that top-down.

It appears to me that your ministry has done a fantastic job of covering all regions of Ontario, especially reaching out to aboriginal communities, both urban and rural, and of course northern.

Perhaps I'll put a shameless plug in. I'm told that sometime in February, we're supposed to have our launch. I'll have to put a phone call in to your office to see if we can get the appropriate associate minister to attend the rollout there.

Hon. Dipika Damerla: I'd be delighted.

Mr. Chris Ballard: If I can just segue for a second, I'm so glad to hear you talk, too, about the emphasis on aboriginal communities. I've spent many years working in the Far North of Canada, hearing things about exceptionally high type 2 diabetes rates—absolutely off the scale—and looking at the work that communities are doing in the north to return people to more traditional foods and more on the land-based activities to try to pull away from the high-fat, high-salt, high-sugar diets that too many of us indulge in, and seeing some real success with that.

I know that what your ministry is focusing on will also help those children, our future adults, get a handle on the mentality about being healthy now. If we can get them while they're young—this is for everybody—we know that, as we age, we'll have better habits and a much healthier life.

Hon. Dipika Damerla: The one other program that I think is worth mentioning—and I spoke about it last time at estimates briefly—is of course our new legislation that's going to make it mandatory for any chain restaurant that has more than 20 locations across Ontario to post calories.

Again, this actually came out of the Healthy Kids Strategy report, No Time to Wait. The idea was that kids don't eat healthy in isolation. They eat healthy when parents eat healthy. So the idea of putting those calories up in restaurants is—really the whole idea that families that eat healthy, children eat healthy.

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I'm really excited. We are moving closer and closer to implementation. The legislation has been passed. We're working on the regulations, consulting with industry to get it just right, but I can tell you that I am really excited about what that's going to mean in terms of healthy weights for Ontario's kids, but, I think, healthy weights generally for all Ontarians.

The Chair (Ms. Cheri DiNovo): I'm afraid that your time is up, Mr. Ballard.

We'll now move to the official opposition, Mr. Smith.

Mr. Todd Smith: I just submitted some questions to the minister and, hopefully, Minister, you can get back to me with the answers because I know some of the members here want to ask you questions about some other issues as well.

But in my riding, Quinte Healthcare operates four hospitals: Belleville, Prince Edward county, Bancroft and Trenton. Specifically, these questions come from our TMH group, which is the grassroots community group, and you're familiar with the efforts I'm sure that they've been undertaking to make sure that they keep Trenton Memorial Hospital viable and operating into the future. I know that the member for Northumberland-Quinte West, your colleague Mr. Rinaldi, has been speaking with you about this as well, but I did want to just pass along these questions and, if I could, read them into the record, and if you had a brief response to them, maybe we could get back a more fulsome answer in the future.

So this comes from John Smylie, who's been very active on the health care front in the Quinte West and Trenton area: "Why does the funding formula penalize rural multi-site hospitals such as Quinte Healthcare?"

"Is regionalization of health care being forced on hospital corporations because of inadequate funding, resulting in hospitals such as TMH being stripped of services?"

"Why is the ratio of administrators to patients in Ontario health care so high?"

"Is the Minister of Health going to enact the recommendations put forth from the Quinte West-Brighton community task force?"—which was chaired by Glenn Rainbird.

The last question: "Will he place a moratorium on the funding cuts to Quinte Healthcare and Trenton Memorial Hospital until the above task force recommendations are implemented?"

That's again from John Smylie, who's chair of our TMH. So if you had a few brief comments, that would be great.

Hon. Eric Hoskins: Sure. So I'll just start, but feel free—I'm sure you will—to tell me when you'd like to move on to other questions as well. This is obviously an important issue.

We've had conversations about this in the past. In fact, it was one of our conversations that led Prince Edward county to be designated—it hadn't been to that point in time, but we reviewed it and designated it as a small and rural hospital, which through the corporation enabled it to become eligible for the small and rural hospital funding envelope, which is \$20 million per annum.

As you've referenced, it's a corporation of four hospitals that is undergoing some change now. I think it's fair to say that this is one of my top priorities in terms of hospitals. I've been very engaged in this issue. You referenced our colleague Lou Rinaldi as well—that both of you have been strong advocates for this.

So when the corporation was projecting last year that it would be in a deficit position, we stepped forward with some mitigation funding for it. I think it was in the order of \$3.5 million that resulted last year, in fact, in the corporation being in balance. But most importantly, which I think is the issue that you're referencing, the corporation's looking forward to remaining in balance and providing the services that people deserve in that area. I think it's a population of about 160,000 people served by the four hospitals.

I became concerned—well, it's not that I became concerned; I was compelled to ensure that the community was being adequately consulted on any consideration being made by the hospital, that the LHIN was maximally engaged as well, which they are. As a result of that, an advisory committee or group was established, under the leadership of Glenn Rainbird, who I understand is a respected community member, that has resulted in the recommendations of the report that you referenced.

So, for me, it was important to make sure that there's a strong level of community engagement. We've now received the report. It has been reflected back to the community—it's a public report, of course—and it's being considered by the board of Quinte Health Care. But it's important to state that no decision has been made as of yet in terms of pursuing any or all of those recommendations.

I think the way I've looked at QHC and the population served is that it's very—I'm not dragging out my answer, by any means, but it's important to state that I grew up in a small town with a small hospital, and I understand how vitally important those services and that hospital are, for a whole variety of reasons, including being an economic driver and employer and the like.

I want to make sure that we've exhausted every possibility to make sure that we do attain that goal of sustainability, but we do it in a way which provides the services that people depend on. That's why I've been prepared to move a little bit more slowly, I think, as I would hope

you would agree, to get that community input and really look at all opportunities. That's how I've been pursuing this.

Mr. Todd Smith: Okay. I appreciate that. Again, they're in the process right now of removing \$11.5 million from their budget, so it's causing a lot of tense moments in the community.

We'll leave it at that for now because I know Mr. Harris has some questions.

Hon. Eric Hoskins: Will you allow me just a very brief supplement?

Mr. Todd Smith: Sure.

Hon. Eric Hoskins: I know that last year, they were anticipating a deficit in the order of \$5 million in excess. At the end of the day, we were able to work with them, so they ended up with a small surplus. So I would want to reassure the community that we're working very closely with the hospital so that it can not only be sustainable from a fiscal perspective, but it can do that in a way which I think the community can have confidence in the services delivered.

Mr. Todd Smith: Thank you.

Dr. Bob Bell: If I could just add that one really important element of your question was why create these regional health networks? A great example comes from Quinte. About four years ago, Quinte was having a great deal of difficulty with sterilizing its instruments for surgery adequately. They've reinvested in Belleville, as you know, in a new central sterilization facility. It wouldn't be cost-effective, it wouldn't be rational, to have that kind of a high-cost, high-effectiveness facility in two different hospitals, so certainly focusing most surgery in Belleville, from a quality perspective, makes huge sense.

I know they're looking at focusing on ophthalmology services in Trenton, which also makes sense. It doesn't require that kind of detailed sterilization. So that's an example of how regionalization improves quality of care for patients.

Mr. Michael Harris: Great. Minister, good afternoon. Deputy, Associate Minister and staff, welcome. Minister, I'm going to spend some time, obviously, on a rare disease in this round. Clearly, it's something that a lot of Ontarians are unfortunately living with. There are several treatments, whether they be surgical or pharmaceutical, that are not covered under OHIP or through their private insurance. You know that we've had several patient groups come through to Queen's Park. I will say, right off the bat, that I want to thank you for, last week, spending some time with a couple of girls who came in, suffering from EDS. I witnessed your conversation with them. There's no doubt that you've heard what they had to say. I think that they came away feeling optimistic from what you had said, and I want to thank you for that. There's no doubt that you have an immaculate amount of care for these folks. But I think it's fair to say as well that a lot of these patient groups have been let down by the system throughout the years. There are some cracks, loopholes, what have you, and that's where I'm going to focus a bit of my time today. So I wanted to get that out, first off.

With regard to PKU, you'll recall a bunch of patients coming through. Last May, they were here, actually, and that day you had promised to review the criteria for one drug that would allow them to live a normal life. It's called Kuvan, I believe.

Hon. Eric Hoskins: Yes.

Mr. Michael Harris: I'm just wondering if you can tell us how that review has gone—if you can tell us when it began and if it's still ongoing or if it has been completed.

Hon. Eric Hoskins: Thank you for that question and thank you for your earlier comments as well. The commitment that I made to those young women that are suffering from EDS was a very serious commitment. I appreciated the time they gave me. I'm hopeful that I'm just—my staff now are working on following through on the commitment for them to be able to present their stories to the working group that was established on EDS in my ministry and to tell those stories in my presence as well. I think that that patient's story sounds like—it's much more than a story, but their experience with the health care system and the challenges that they're facing with their illness—it's very important that the working group hear from them directly. So I committed to doing that.

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With regard to PKU—phenylketonuria—it's one of those diseases that's not widely known unless you or somebody you know suffers from it. It can be devastating; it can be fatal if it's not treated appropriately. The main form of treatment to date has been dietary, but there is one drug that has been approved, as you've referenced: Kuvan, which has been approved by Health Canada as in fact the only drug approved for the treatment of phenylketonuria or PKU.

I think, as you and Ontarians can appreciate, we've taken the politics out of decision-making with regard to approving new drugs. We have an expert committee and officials in the ministry who make decisions based on science and evidence that the drug in question is effective for the criteria that it's prescribed for. The approach to Kuvan has been no different than that. In fact, when it was considered by a national body, the national Common Drug Review, in 2011, it was actually the determination of the review members at that point that it not be listed in Canada by provincial or territorial drug programs.

Mr. Michael Harris: Minister, I don't want to be rude—

Hon. Eric Hoskins: Please.

Mr. Michael Harris: —but we only have probably 12 minutes in this round. I want to specifically know—and if you can't answer, you can get back to me, perhaps, but you did commit in May to reviewing or you'd ask your ministry to review those clinical criteria again. I'm asking: What has been done since May pertaining to that review you'd asked your ministry to undertake, specifically to this?

Hon. Eric Hoskins: I followed through on that commitment. It's sometimes difficult to know how much

information you want, so I appreciate your asking me to provide that clarity—

Mr. Michael Harris: No, I'll—

Hon. Eric Hoskins: I know you're going to do it.

Mr. Michael Harris: I don't want to be rude about it, but I've got to keep going.

Hon. Eric Hoskins: You only have so much time; I get that.

I made that commitment and I followed through on that commitment. In June of this year, BioMarin informed the ministry, and we had ongoing discussions that they intend to—have they filed their submission?

Interjection.

Hon. Eric Hoskins: They had informed us that they intend to file a resubmission to the Common Drug Review for Kuvan for the treatment of PKU. As my officials are indicating, that resubmission is expected, because it really is at this point up to the manufacturer; they're required to resubmit. They've indicated that they are likely to do that before the end of this calendar year. As with the pan-Canadian Pharmaceutical Alliance, that is the process that we follow. Hopefully we'll have a pan-Canadian approach, but the Common Drug Review will review that resubmission.

Mr. Michael Harris: So you expect everything to be submitted by the end of the year and, then, where do we go from here, after that?

Hon. Eric Hoskins: Bob, go ahead.

Dr. Bob Bell: Part of the issue here is to determine which patients with PKU are well-controlled by diet and which patients may benefit from actually getting access to the BioMarin drug. Currently, there's no good evidence of who would benefit that's predictive. You'd have to put all patients on the drug, many of whom wouldn't need it.

The company is apparently developing evidence of the genotypes, I understand, that will actually be predictive in suggesting which patients would get better outcomes. That's the data that we're expecting to see. Then we would go through the usual utility measurement of how much benefit that would mean for the patients and—

Mr. Michael Harris: Have there been any changes to the criteria since, perhaps, May that would allow more patients to access Kuvan? And I guess a follow-up that—

Interjection.

Mr. Michael Harris: So no? None of the criteria has been changed since May.

I'm wondering if you can tell the committee—or you can probably get back to us on this—how many patients have applied and how many have met the qualifications for Kuvan to have the drug paid for by the province of Ontario. I don't expect you to have the answer, but if you have it, great.

Dr. Bob Bell: There was one application in February 2013 that was incomplete; the application was never completed. To this year, 2015, there have been three applications to date that have not been approved based on existing criteria.

Mr. Michael Harris: There are no potential changes coming up to the criteria at all?

Hon. Eric Hoskins: Potentially, as a result of the Common Drug Review process. So we welcome the application, the resubmission—

Mr. Michael Harris: Right, and you expect perhaps early in the new year—

Hon. Eric Hoskins: Is there an average time that the CDR takes to review an application?

Interjection.

Hon. Eric Hoskins: Come on up.

Mr. Michael Harris: Yes, because you probably will have a few other questions asked of you as well. Just state your name, so I know.

Dr. Bob Bell: Suzanne McGurn is our executive officer of the publicly funded—

Mr. Michael Harris: Okay. Good afternoon, Suzanne.

Ms. Suzanne McGurn: Once the material is completed, it will go through a process at CDR. Depending on the number of products in the queue—they are moving through quickly—it would be expected that it would be assessed in three to six months. After that period, the provinces would then, based on the recommendation, make a determination of whether there were to be pan-Canadian negotiations or any further action on the file based on the recommendation.

Mr. Michael Harris: I just want to reinforce the commitment you had made again in May, as per Hansard, that you would direct the ministry to review the criteria etc. I hope that you will follow through on that commitment you made, particularly for those folks.

Obviously, aHUS is another significant patient group that has come through. Again, they were here in February about interim funding for Soliris to patients with the syndrome who met the defined clinical criteria of the disease. How do patients access that interim funding?

Hon. Eric Hoskins: How do patients access the interim consideration for the drug?

Mr. Michael Harris: That's correct, yes.

Hon. Eric Hoskins: Maybe I'll let Suzanne answer that again in a second. Specifically the use of Soliris for aHUS, which is what you're referring to, which is part of the pan-Canadian process as well, but notwithstanding that: Again, I want to emphasize that this was a decision that was made by the ministry in consultation with stakeholders, patients, patient advocates and clinical experts as well. The ministry felt compelled or confident to, on an interim basis, make this drug available for certain criteria for aHUS patients—

Mr. Michael Harris: How many patients were actually given that?

Hon. Eric Hoskins: Ten, I think—

Ms. Suzanne McGurn: I will confirm the number for that, but it is not more than 10 individuals. With regard to your opening question about what the process is, the interim criteria are posted and available to the clinicians. As well, we have a good dialogue with the clinicians that treat this type of illness, and there is a process for them to apply.

Additionally, there are a handful of applications that were received at the time that have four criteria that were

not part of our interim criteria but were included in the recommendation that was provided by the Common Drug Review. So we are holding on to those applications as well at this time while the process continues.

Hon. Eric Hoskins: Four of them.

Mr. Michael Harris: So you'll connect with those folks and get them to—I know we're getting close to time here, but EDS is the next one. We recently met with a bunch of those folks. Clearly, many Ontarians suffer from EDS. They saw the two girls come through, and you committed to a working group.

I'm just wondering if you can tell me who is on that working group. Has it met? How frequently will it meet and when will it report back?

Hon. Eric Hoskins: My deputy can tell you who is on the working group. It has met. Thank you for arranging not only the visit to Queen's Park of these courageous young women, but also the opportunity that I had to meet with them. I told them about the work that was under way, largely as a result of the challenges that they were facing.

There are two aspects. One is the working group, to look specifically at EDS in this province with the goal of providing Ontarians like these young women the confidence that they can get the support and service in the health care sector in this province that they deserve, or if they can't get it here, they can avail themselves of it outside of the province.

Also, with SickKids and Critical Care Services Ontario and others, a working group, I think we're calling it, or it may be an expert panel, which is looking at pediatric surgeries as well, but most particularly looking at the rare diseases that may require surgical intervention to see how we can provide better support to them. Also, if there is a question, for example, of obtaining services or surgery or procedures outside of the province because they're not here, this expert panel can help provide us with advice, hopefully in an expeditious fashion so that we can respond to those requests in a more timely fashion.

In terms of the membership of the working group itself—

Dr. Bob Bell: Yes. The expert panel has met three times already. It's chaired by the chairman of surgery at the University of Toronto, who's an internationally renowned pediatric neurosurgeon, Dr. James Rutka, and co-chaired by Karen Kinnear, vice-president of SickKids.

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The complexity of treating Ehlers-Danlos disease is represented by the membership of the panel since there's a multiplicity of problems that need to be managed. There's an expert anesthetist; there's an expert in clinical metabolic genomics from the University Health Network; there's an adult neurosurgeon since EDS patients, of course, who go from the pediatric age group to the adult often have occipital-cervical spine problems; Dr. Michael Fehlings is an international expert at treating occipital-cervical spine problems—lots of experience in EDS; Dr. Allan Gordon, who is a pain specialist and neurologist at Mount Sinai Hospital; Dr. Juan Guzman, who's an expert

at the internal medicine problems that EDS patients have; Dr. Andrew Howard, pediatric orthopedic chair at SickKids Hospital; as well as staff from Critical Care Services Ontario—

The Chair (Ms. Cheri DiNovo): I'm afraid you're going to have to submit that. You are out of time, Mr. Harris.

We will move on to the third party: Madame Gélinas.

M^{me} France Gélinas: I will repeat the question that had to do with small and rural hospitals. So \$7 million got rolled out to 56 hospitals—anyway, 56 hospitals were notified that their base funding would be increased through the \$7 million. Where is the cut-off for “small hospital”?

Hon. Eric Hoskins: If you'd bear with me just a second, I've got the answer.

Dr. Bob Bell: Do you want me to start off?

Hon. Eric Hoskins: Go ahead.

Dr. Bob Bell: There are two elements here. A small hospital is determined not by the number of beds but by the number of weighted cases that are treated in the hospital within a year. That cut-off point is 2,700 weighted cases. There's also an eligibility criteria for rural hospitals. Small and rural hospitals are eligible for a \$20-million fund that encourages innovation in service provision—the development of hub-like services. Rural hospitals are defined as communities which are less than 30,000 people who are a greater-than-one-half-hour drive time at posted speeds from a community that has more than 30,000.

The small and rural hospitals are eligible, based on fewer than 2,700 weighted cases a year, for a 1% annual increase in their budget as opposed to being part of the health services funding reform component. Small and rural hospitals are also eligible for the \$20-million fund that we've described.

M^{me} France Gélinas: All right. So the number would be 56, or it could vary because the 2,700 weighted cases would vary?

Hon. Eric Hoskins: It could very well vary, yes, but the number that I have, which I believe reflects 2014-15, is 56 small and other hospitals.

M^{me} France Gélinas: Okay. Very good.

Coming back to the Small and Rural Hospital Transformation Fund, I'm fully aware of this fund, as it came during the minority government. I would be interested in knowing—when you did the commitment at the time, it was for a three-year commitment, and that was in the 2013-14 Ontario budget. Is this something that will continue or is this something that will end, and when will it end?

Hon. Eric Hoskins: This \$20-million fund: This is the third year of the fund, as it was initially expected to be. As we move forward in the coming months in ministry negotiations leading towards the budget, obviously the possible extension of this fund would be one of the considerations that we bring forward to the budget consultations.

M^{me} France Gélinas: So we'll know in the next budget if it's there or not?

Hon. Eric Hoskins: Yes.

M^{me} France Gélinas: Okay. Thank you.

The other question that I wanted to ask is that the last stats that I got for the number of beds came from 2012-13. In 2013, when I was in estimates, I asked what the total number of acute care beds was. The answer was 18,585. At the time, we had 4,813 that were mental health, 5,547 chronic care, 2,485 rehab, 2,100 bassinets—you get the idea. Can I have the same breakdown of beds for the missing years?

Hon. Eric Hoskins: It's read into the record. Certainly my ministry, if they haven't taken a note already, will take a note from that.

M^{me} France Gélinas: Okay. Last time, you had given it to the committee for the province. Is it feasible to have it per LHIN?

Hon. Eric Hoskins: I don't see why not, so that's something, as well, that I'll certainly ask the ministry to look into.

M^{me} France Gélinas: Okay; much appreciated. While we're talking about hospitals—hospital parking fees: You had made a commitment to address hospital parking fees. I know that you've been collecting data. In the data that you've collected, do we know much money is collected per year through hospital parking fees, and what is this amount?

Hon. Eric Hoskins: Yes, we do. You're right; we made a commitment to address the cost of hospital parking in the province. In 2014-15, 61% of our hospitals reported parking revenue. The total reported parking revenue was \$172 million.

M^{me} France Gélinas: Seventy-two million?

Hon. Eric Hoskins: One hundred and seventy-two million dollars.

M^{me} France Gélinas: Okay. Any idea as to when your commitment to address parking fees would lead to action?

Hon. Eric Hoskins: We've been working diligently on this. I think, as you can appreciate and would probably agree, given the revenue aspect of this, that it is an important revenue stream for hospitals—not all of them, but for some of them. There's significant variation across the province in terms of what's charged for hospital parking.

We've engaged and consulted quite widely, including with the Ontario Hospital Association—those who will be most affected, at least from a revenue perspective. As well, what was tremendously important to me and to the ministry is that we asked HQO, among others, to engage patients and patient advocates to look at it from that perspective of how they're impacted and what possible solutions there might be.

So I can't give you a precise time frame, but much, if not most, of that work has been completed and we expect to have a plan to address this issue in the near future.

M^{me} France Gélinas: In a future yet to be defined?

Hon. Eric Hoskins: As much as any of us can define the future, I suppose.

M^{me} France Gélinas: Okay. Hospital discharges: Right now, if we think that there is a problem with early

discharge, you keep track of the 30-day readmission rate. Is this the only way that we assess whether there are possibilities of a problem with early discharge, or do we do something else?

Dr. Bob Bell: A couple of things: We do, as we've talked about, QBPs. One of the elements of QBPs relates to the development of a best-practice pathway that defines the care of—we've described it—13% of the funding, but probably a higher proportion of the patient care that's provided. For example, for total hips, total knees and for congestive heart failure patients, there's a time that most patients are in hospital. Hospitals have internal review committees, quality-of-care committees, that actually look at that kind of data within their purview.

Under the Excellent Care for All Act, hospital boards are required to have the committees that assess the quality of care received by patients. They are required to survey patients with respect to their satisfaction with the care that they've received. This is one of the elements that's actually questioned on the standard survey that patients fill out. One of the questions that's asked is on satisfaction with education prior to discharge and satisfaction with the discharge process. Hospital boards routinely would be looking at that kind of serial information that's gained through surveying patients.

As you've mentioned, Madame Gélinas, the hospital 30-day readmission for both standard conditions and overall hospital 30-day readmission is one of the elements that is measured within the quality improvement plans that hospitals submit to Health Quality Ontario.

Especially looking at changes, we recognize that hospitals tend to have roughly similar populations of patients being discharged to communities that have roughly similar community resources to care for them. So if we see a jump in the post-discharge readmission rate, the anticipation is that there may be an issue with early discharge, and that's something that hospitals watch and Health Quality Ontario and ourselves watch.

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One of the elements that we think is very important is attendance in the primary care physician's office within seven days of discharge. For our family health teams, CHCs and nurse practitioner-led primary care clinics, one of the quality elements that we have measured in their quality improvement plans is a commitment to see patients within seven days of discharge, which we think is an important element of improving the risk of readmission.

M^{me} France Gélinas: Thank you. I will now go to eHealth just for a minute. In 2013, the previous minister appeared before this committee and she said, "We are on track to have an EMR"—electronic medical record, which I hope right now we call "electronic health record"—"for every Ontarians by 2015."

There are still two months left in 2015, but will we meet this goal and does every Ontarian have an electronic medical record, and if not, where are we at?

Hon. Eric Hoskins: I'm proud of the work that eHealth has done in recent years. Certainly that's an am-

bitious target and commitment for a government to make, but I'm confident that we are on track for achieving that goal. We have currently more than 12,000 providers who are providing or at least representing well over 10 million Ontarians who have or are in the process of implementing electronic medical records for Ontario patients. As well, I think the figure now is that close to 80% of our primary care providers—primarily family doctors—interact with their patients with the support of an electronic medical record. There are other examples. What's really important to me is the networking that's taking place to allow the various elements of our health care system to communicate with one another. Diagnostic imaging, for example, is fully digitized across the province, and that information is available to practitioners and front-line health care workers, as well as from laboratories.

Significant gains have been made throughout the past number of years, and I would suggest that, for me as well, I was initially focused solely on that commitment of every Ontarian having a record. Now I understand that actually there are many complexities and layers to the system: the digitization, for example, of our diagnostic imaging; our narcotics monitoring system and the ability of pharmacists to be able to interact with that common database; and then the connectivity between hospitals, the ConnectingGTA project here, which Bob, I know, can speak more to.

So there are actually many elements to the electronic medical record system in the province beyond what we often naturally think about when we think of electronic medical records.

M^{me} France Gélinas: When do you figure we won't be in the development stage anymore and every primary care provider will be able to send and receive stuff from the pharmacy, the lab, public health units and the hospital? We're still in development. When do you figure the development will be finished and we will look at version 2 of our electronic health record?

Dr. Bob Bell: Part of the issue here is that people use the health care system in different ways. For any Ontarian who has used a hospital or an emergency department, they would have an electronic health record at that facility. About 88% of Ontarians who have blood tests now: Their blood results are stored in the Ontario lab information system. As the minister has described, folks having images done in hospitals would have an electronic digital record.

I think what you're describing, Madame Gélinas, is the connected agenda of bringing together all digital sources of information at the point of care. That has happened now all across southwestern Ontario. Virtually every primary care provider and certainly all hospitals are linked together and connecting southwestern Ontario. There are about 30,000 users of that connected system in Hamilton and the southwest. That's coming to the GTA right now. There are over 40,000 users. The next step is to move it on to Ottawa, Kingston and the north.

As you know, the NEON system that exists in the North East LHIN connects together Sudbury and the

surrounding hospitals with a clinical data repository that actually enables sharing of information.

Ontario actually stands a fair chance of being the first jurisdiction in the world to bring all sources of digital information together in clinical data repositories. We're going to have three big clinical data repositories: one in the southwest, one in the GTA, and one in the north and Ottawa-Kingston. Those three being connected will actually allow any Ontario citizen with digital health information accessing a primary care provider anywhere in the province to have access to that digital information.

M^{me} France Gélinas: Time frame on that?

The Chair (Ms. Cheri DiNovo): Madame Gélinas, you've got five minutes.

Dr. Bob Bell: Right now it's done in the southwest. It's operative. In the GTA, it will be concluded in the next six months. It's already being planned in Kingston-Ottawa and the north. The timing for that implementation is over the next two years. That will be a truly connected-Ontario achievement.

M^{me} France Gélinas: Would that include a vaccination system that is electronically recorded when the vaccination is given?

Hon. Eric Hoskins: Hopefully. As the ministry behind me will attest to, that was one of the goals which I—if not at that moment, as close to that moment as possible—set for the ministry to see if we could attain it in the future.

If you'll allow me just to give a couple of very brief examples: One of the frustrations that patients as well as primary care providers—family doctors, nurse practitioners—have in their clinics is when an individual has been to hospital and has returned to see their family doctor and there's no hospital report available. There are now more than 700,000 hospital reports that are sent electronically every month to our front-line health care workers to provide that valuable report at the earliest possible time. If you're a senior and you go into an emergency room or into a hospital in this province, that emergency room or that hospital has immediate access to your medication history. It's tremendous, the opportunity—

M^{me} France Gélinas: And that's happening in the southwest? I can guarantee you it's not happening in the north. That's happening in the southwest?

Dr. Bob Bell: That's correct.

M^{me} France Gélinas: Okay.

Dr. Bob Bell: The hospital report manager is providing those reports. Ontario drug information is available in emergency departments—

Hon. Eric Hoskins: Yes, everywhere. Yes, all hospitals and emergency rooms.

M^{me} France Gélinas: Okay. For Panorama—that's the vaccination—last time you were on record, you said that it would be ready by 2016.

Dr. Bob Bell: Panorama actually is ahead of schedule. It has now been implemented in 35 or 36 public health units and is being currently implemented in the last. So we will beat that 2016 deadline. What this represents is a single place for all the immunization data for children, as

a starting point, across the province. Public health nurses are uploading their data into Panorama. The regular pre-school visits and pre-school attestation as to vaccination status is uploaded, giving us one central Ontario record with the SNOMED-10 nomenclature that allows us to link to future electronic records.

Your question about whether, rather than carrying the yellow card to the public health unit or to the school to record your immunization data, we could actually do an electronic download of that information: That is currently under pilot testing in the southwest. The expectation is that Panorama can be linked, through this connected backbone technology that we're talking about, to all primary care providers. The technology to download it from the EMRs is being tested right now.

Timeline for that: We don't have it. It's not an approved project now, but there's no technical reason why that can't happen in the future.

M^{me} France Gélinas: Okay.

Hon. Eric Hoskins: It has already proven its effectiveness, right? During the recent measles outbreak earlier this year, particularly in Niagara Falls, the public health unit there was able to—we have more than, I think, six million Ontarians where the data on vaccination status has already migrated into Panorama; nearly 100 million individual vaccination histories. So they were able to pull the information out for contact cases and immediately determine if they had been protected or not.

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M^{me} France Gélinas: I have no doubt that it is useful; I just want to know when it will happen.

Talking about eHealth, when the ministry cancelled the diabetes registry with CGI, the decision protected taxpayers from \$46 million in spending, but CGI sued the government and I have numbers that the taxpayer had to pay \$26.9 million. I want to know how much the ministry and eHealth paid in legal costs from the CGI lawsuit. Were you ordered to pay the CGI legal costs on top of this? What's the total amount, including the legal costs and the settlement, for the CGI lawsuit?

Hon. Eric Hoskins: I'm not sure whether—I'm not trying to avoid the question at all—but I'm just not—

The Chair (Ms. Cheri DiNovo): You're out of time, actually, so maybe you could table that.

Hon. Eric Hoskins: I'll find out if we're able to, just in terms of any legal considerations—

The Chair (Ms. Cheri DiNovo): Thank you. We're now onto the government side. Mr. Ballard.

Mr. Chris Ballard: I felt that the associate minister—we were starting a really good conversation, especially around First Nation communities. I just wanted to follow up a little bit because of the things I've seen in northern Canada and hearing you talk a little bit about aboriginal and First Nation communities earlier in your discussion.

We know that the children of our First Nation communities often face particular health challenges, and we know that it's so absolutely vital that these communities are provided with an equality of culturally appropriate opportunities for their children to grow and to thrive in.

I'm interested in hearing a little bit more. We started, but we ran out of time. I'm wondering if you can tell me how your ministry has addressed the health challenges.

Hon. Dipika Damerla: Thank you, and I'm glad we have this opportunity to continue that really interesting conversation. I couldn't agree with you more around the idea of making sure that as we roll out our programs across Ontario to help children attain healthy weights—not just in the narrow sense of healthy weights, but general well-being—we make sure that all communities get that equal access, and certainly First Nations are among them.

I just want to speak a little bit about some of the programs the ministry has that are aboriginal or native focused. One of them is called the healthy eating and active living—HEAL; I like the acronym—program, offered by the aboriginal health access centres, AHACs. It reached an additional 450 aboriginal children and their families as of March 2014—an expansion of the healthy eating and active living component of the Urban Aboriginal Healthy Living Program—now this is a less friendly acronym, UAHLP—coordinated by the Ontario Federation of Indigenous Friendship Centres, which is the OFIFC, and fully implemented in 14 of the 29 friendship centres.

I'm going to speak a little bit more in detail about the Urban Aboriginal Healthy Living Program, but I do want to tell the committee how proud we are that since January 2014, the HEAL program expansion has reached more than 2,500 children, youth and their families, participating in physical activity and healthy eating programs within their communities, including First Nations on-reserve.

Just a few months ago, I had the opportunity to visit the Shkagamik-Kwe Health Centre in Sudbury. Actually, I correct myself; I didn't visit the health centre, but representatives of the health centre were at the announcement where I announced that they will receive \$525,000 in funding to develop programs that support aboriginal children in the greater Sudbury area and the First Nations of Henvey Inlet, Magnetawan and Wahnapiatae. This \$525,000 is part of the larger Healthy Kids Community Challenge that we spoke about earlier. The local project will take a holistic approach to fostering healthy behaviours in children and families.

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\$73,000 each, totalling \$1.095 million, to 15 friendship centres located in northern regions. So that's just a bit of a snapshot of some of the things we are doing within the aboriginal communities.

I've had the opportunity, and the privilege really, to visit some of these communities. I was up in Webequie, I remember, last fall. That's north of—much, much north of—Sudbury. It is so beautiful when you go on that First Nations reserve. It really is stunningly beautiful, but you come to realize how vast the land is and how isolating it can be, because it's a fly-in community. Everything needs to be flown in. I can only imagine, if you're really young and you're in that community, that it's really important that there is programming that is culturally sensitive, that takes into account the special needs of aboriginal kids. I'm so delighted that we have these programs.

I want to share something else that struck me when I was reading. The objective of the program is to promote the capacity of aboriginal youth to lead the change. I think that is the key; it is about the capacity-building. I say that because my daughter, this summer, spent the summer on Manitoulin Island working with First Nations kids. She helped organize a youth conference for First Nation kids. She learned a lot, but I think what she really learned was the power of seeing youth organize something for themselves. It was very empowering. She came away a much better person, with a huge respect for and realization of the potential and capacity of communities like Manitoulin Island.

I'm really pleased as to what this government is doing. The Premier, as we all know, has a particular interest in ensuring that our First Nations are part of the Ontario fabric.

Mr. Chris Ballard: Very good. Thank you very much. I'll leave it there. That's a really good oversight in terms of what's happening with aboriginal First Nation communities. I thank you for that.

I think my colleague here has another question.

Ms. Indira Naidoo-Harris: Yes. We'll be sharing our time, Chair. My question is for Minister Damerla.

Minister, in my work as PA to health, I often wind up speaking with seniors and their families. I'm working on a dementia strategy, and there are often some really good conversations that I have with seniors and their families. Of course, aging and care for seniors is a top concern and a big topic of our conversations.

Minister, when our seniors need the vital care provided by one of our province's long-term-care homes, we all expect that our parents and grandparents are going to get the highest level of care possible. I know that improving care for seniors has been a large focus of this government. After all, our seniors have given us the best years of their lives, and we want to be able to do the same for them and ensure that they age in a situation and in a place that they're comfortable in.

I also know that our government has made great strides in improving the already high level of quality care Ontarians receive within our long-term-care facilities. However, Minister, one of the areas which residents in

my riding have shown some concern about is regarding the issue of over-prescription of antipsychotic drugs. My constituents want our government to make sure their loved ones are living comfortably and safely with only the appropriate level of pharmaceutical intervention while in the care of one of the province's long-term-care facilities. But this issue does come up. People are concerned about their parents and grandparents and how they're doing and the level of medication they get and so on.

Minister, could you tell us what work is being done to stem the use of antipsychotic drugs in our province's long-term-care homes?

Hon. Dipika Damerla: Thank you, MPP Harris, for that question. I want to congratulate you on the work you're doing on dementia.

Ms. Indira Naidoo-Harris: Thank you.

Hon. Dipika Damerla: It certainly is closely related to the work we are doing around long-term care. You've touched upon an important issue, and I think it's really important to view the prescription of antipsychotic drugs—the appropriate use. That's really important. It's not about too much or too little. It really is ensuring that when they're used, they're used appropriately. As long as they're used appropriately, that is the key.

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To that end, I just want to say that this government has launched a number of initiatives, and I'm glad to share those with you. I'd like to first address the Long-Term Care Homes Act and regulations, which set out very clear requirements relating to the medication management system within long-term-care homes. These requirements ensure the accurate acquisition, receipt, dispensing, storage, administration, and destruction and disposal of all drugs, including antipsychotic drugs, in all long-term-care homes, to meet the medication requirements of residents in a safe and timely manner and ensure the best outcomes for residents.

The regulations also include requirements to address medication incidents, adverse drug reactions, and the use of any drug or drug combinations, including psychotropic drugs, which could potentially put residents at risk. Further, the regulations dictate that a drug cannot be used by or administered to a resident unless the drug has been prescribed for the resident. No person can administer drugs to a resident unless that person is a physician, a dentist, a registered nurse, a registered practical nurse or a nursing student, if the specified requirements set out in the regulations are met.

I also wish to note that long-term-care homes must ensure that residents are not restrained by the administration of a drug to control the resident, other than under the common-law duty described in section 37 of the Long-Term Care Homes Act.

I just laid out these regulations to give comfort to the residents that there are many checks and balances under the act and under regulations as to how and when any drug—in particular, antipsychotic drugs—can be used. While I know that the regulations represent a starting

point, our government knows that regulations are only one tool in that toolbox.

I'm proud to tell this committee that in the summer of 2015 I issued a letter to all Ontario long-term-care homes requesting that they include appropriate prescription of antipsychotic medication as part of their quality improvement plan. Quality improvement plans are something that long-term-care homes use to improve their quality, and they can pick the areas that they think they would like to improve on. What this letter did was ask every long-term-care home to ensure—it was a request, of course, and most of them complied—that if they had not thought of putting antipsychotic drugs as one of those key indicators that they wanted to show improvement on in their quality improvement plans, then could they please do that? I'm pleased to say that the vast majority of homes do now have ensuring appropriate prescription of antipsychotic drugs as one of their key points in their quality improvement plans.

These quality improvement plans, you will be interested to know, have now become mandatory for long-term-care homes. They've been mandatory in hospitals for quite some time, but for long-term-care homes they were voluntary. But beginning in 2015, they became mandatory for long-term-care homes as well. They're a powerful tool to keep moving along that quality improvement.

The government is asking long-term-care homes and sector partners to enhance their efforts by leveraging two other key initiatives. The first is called—I've spoken about the quality improvement plan, which outlines an LTC home's commitment to its residents, staff and community. The second is our continuing partnership with the Ontario Medical Association to support long-term-care homes with appropriate prescribing through an appropriate prescribing demonstration project focusing on antipsychotic medications.

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In laypersons' terms, how this would work is, every doctor would get a report of their own antipsychotic prescription history, but they would also get a risk-

adjusted anti psychotic prescription history of their peer group. It would show how they are prescribing, and they would compare it to their peers who are prescribing antipsychotic drugs in very similar acuity cases. That gives doctors a chance to see, "Am I prescribing within that average range? Am I prescribing beyond that average range? Am I prescribing below the range?" It really is a learning tool because you can compare with professionals who are your peers. Then we have detailers who would actually work through those reports to help physicians make sure that when they prescribe antipsychotics, it's appropriately done.

This is a really powerful tool in collaboration with Ontario physicians. We're really looking forward—I think the combination of these many initiatives, the safeguards that are already there in the long-term-care act, the appropriate prescribing of antipsychotics working group, the fact that we've asked all of our long-term-care homes to include appropriate prescribing as part of their quality improvement—

The Chair (Ms. Cheri DiNovo): I'd remind Ms. Naidoo-Harris that you have about five minutes left; actually, just a little under. Thank you.

Hon. Dipika Damerla: These are some of the examples of what we are doing to ensure that the prescription of antipsychotics is appropriate.

Dr. Bob Bell: Actually, I have to pay tribute to the associate minister for her insistence that all long-term-care homes include this element of quality improvement in their quality improvement plans. Previously, long-term-care homes were able to select this as one variable, but the associate minister wrote to all long-term-care homes, encouraging them to include this if they weren't already practising a best practice. I think that demonstrated the importance this represents to the ministry and the leadership that the associate minister is taking in improving quality within the long-term-care community.

Hon. Dipika Damerla: Thank you, Deputy.

Ms. Indira Naidoo-Harris: Thank you so much, Minister, for that detailed and informative answer. It's really encouraging to know that very appropriate measures and checks and balances are in place to ensure that we are creating a safe environment for our seniors to age in. It's really very good to know that we are doing the best we can to deliver the highest-quality care for our seniors in this province.

I'm just going to ask you a quick question on a related matter. We probably only have about two or three minutes, but I think it's germane to the conversation that we're having right now. I'm interested in hearing a little bit of detail about how the safety of long-term-care residents is being protected when it comes to the issue that long-term-care-home residents are facing increasingly complex health and behavioural challenges. Beyond regulation and monitoring of antipsychotic medications, what is the government doing to address these unique challenges and what I hear is an increase of some of these behavioural challenges that we're seeing in these facilities?

Hon. Dipika Damerla: Thank you, MPP Harris, for that question. It really makes for a nice segue, because I do want to talk about a program that we have, which is Behavioural Supports Ontario, which really is—and I'm not a medical practitioner; Deputy Bell will weigh in if I'm getting this wrong. When you are trying to address aggressive behaviours, behavioural supports is probably the opposite end of using drugs to manage behaviour. Here, what you're really trying to do is find out what is actually triggering those behaviours, and then, what can you do to support the individual so that those triggers are minimized and the behavioural patterns and aggression are minimized. The intervention, as much as possible, is to get away from drugs and to intervene through supports and counselling. That, in layman's terms, is Behavioural Supports Ontario. The ministry created BSO to help people with challenging and complex behaviours, whether they live at home, in long-term-care homes or elsewhere. Behavioural Supports Ontario also supports families, health care professionals and the health care system.

Through BSO, a provincial framework of care was implemented across the 14 local health integration networks which integrates new, locally appropriate service models, including the establishment of long-term-care homes, specialized behavioural units, and behavioural outreach teams. Standardized care pathways, best practices and measurements were supported by Health Quality Ontario. BSO has been successful in establishing foundational health human resources capacity and other resources to support the care and safety of individuals with complex and challenging behaviours.

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The Ministry of Health is providing local health integration networks with annual funding of about \$44 million to sustain Behavioural Supports Ontario and ensure staffing capacity to meet the needs of individuals with challenging and complex behaviours where they live. To date, LHINs report that base funding has supported the hiring of 604 full-time employees to support BSO initiatives. What's really nice about our model is that it's very flexible. Certain homes may choose to have a resident person who delivers BSO-type expertise. Other LHINs rely more on a mobile unit, where experts can come to a home—

The Chair (Ms. Cheri DiNovo): I'm afraid that is all the time you have on the government side. We now move to the official opposition: Mr. Walker.

Mr. Bill Walker: Thank you very much, Chair. Welcome, everyone. Good to be back again. I think we finished off last time—Minister, I was asking for some numbers, and you asked me to be fair, so I have been fair. I've given you the weekend, and back here again. I'm not certain if you have the one with the 90,000 new seniors that we're going to get care for—that was the question I asked. If you haven't got it, that's fine, and we'll know that you'll follow up on that another time and I'll just move on to other questions.

Hon. Eric Hoskins: Bear with me just a second. Can I just read this? This will provide—

Mr. Bill Walker: Sure, and I'll be more succinct. When I had asked: Did you promise 90,000? I don't want to know anything about process and transition and studying; I just want to know. You said "90,000." How many have actually received it? And if you don't have that, I'll just move on to other questions. We can get that at a later date.

Hon. Eric Hoskins: I'm just looking at—and I can't remember the reference year—the first year that is referenced.

Mr. Bill Walker: In 2013, in Ontario's Action Plan for Seniors.

Interjections.

Mr. Bill Walker: Okay, can we just park that while she's doing that so that we're not wasting a whole bunch of time here?

The other question is that I want to talk a little bit about the diabetes registry with CGI. My colleague France Gélinas had started to talk about that. I really want to know how much you have paid as a government to CGI for a diabetes registry system that we actually don't have, so including all legal—any costs associated for consultants; anything to do with the litigation. I want to know the exact cost. How much has it cost the Ontario taxpayer for the CGI program that we don't have?

Hon. Eric Hoskins: I think, due to the breadth of your question in terms of the detail that you're asking for, I would ask my ministry to look into providing the answer to that question.

Mr. Bill Walker: I would appreciate it. Thank you. That's great.

Moving on a little bit to falls prevention and physiotherapy: It's two combined areas here. You're talking in some of your documentation that you have added another \$1.5 million, I believe you stated when we talked about this earlier.

Hon. Eric Hoskins: This is with regard to?

Mr. Bill Walker: Falls prevention and physiotherapy.

Hon. Eric Hoskins: Yes.

Mr. Bill Walker: So you had said that you added \$1.5 million, but you actually took \$50 million out of the system. What I'm trying to get my head around is: Did you also at that point put any processes in place so that when you've cut those physiotherapy services or falls prevention services out of the various facilities that seniors are in—what I hear anecdotally when I'm touring the province in facilities is that people are actually having more challenges. They're heading to the emergency department because of these falls, which is costing us more. So what I want to know is, you actually took it out with a savings—and I appreciate that you thought there were some challenges with the program of how people were getting physiotherapy. It wasn't a good service, and I acknowledge that you did that and I would support you in that. But the opposite side of that is, if other people who truly need the services aren't getting them, and they are falling—and what I'm hearing, particularly on the long-term-care side, is that people are not getting it. Their mobility is actually decreasing, which is leading to more

challenges, more falls, and that's again increasing our most costly form of health care, which is the emergency department.

Hon. Eric Hoskins: Thank you. While I'm just trying to reference the financial aspects of the question that you're asking, and perhaps it may be that the ministry behind me can help me source that, but just with regard to the program changes that were made several years ago, maybe I'll provide the context. As you know, there was a select number—very few across the province, and not even appropriately distributed in terms of population or need—that were the beneficiaries of government-funded physiotherapy services through the physio clinics themselves. It was felt that it was appropriate to create a new model, a model that I think you reference that you support. That also gave us the opportunity to create a substantial investment that is estimated—I think the figure is 200,000 individuals that would benefit from the falls prevention programs.

Perhaps, are you in a position to comment?

Dr. Bob Bell: Associate Deputy Minister Nancy Naylor has got some numbers for you.

Ms. Nancy Naylor: Sure. When the change was made, funding for physio that had been initially funded through OHIP was converted to funding that was directed through a number of ways directly for patients. I'll just read a couple of examples of that.

CCACs received \$33 million to begin providing in-home physiotherapy; long-term-care homes received \$58.5 million for one-on-one physiotherapy, plus \$10 million for group exercise and activation programs. In addition, there was funding provided for a community exercise and falls prevention initiative: \$10 million as a base. On top of that, as the minister referenced on one of the former dates, we have added a million and a half for LHINs to support falls prevention classes—

Mr. Bill Walker: I get that you're adding more money to the system, but what I really want to get back to is: How many people are getting more service, and how many people are not getting service as a result of the change?

In a large geographic rural area like mine, you have moved to a system where people that might be 30, 40 or 50 miles away aren't going to drive there, certainly in the wintertime. They're elderly, so they're not going out in the evening. So if that class is moved to one spot and they're expected to get there, they're not doing it.

My concern is now that they're not taking physiotherapy. Their actual health is getting worse and they're going to end up reporting to the ER at some point, either due to a fall or less mobility.

What I'm just trying to ascertain is: Did you take that into context and are you looking at the opposite side? I can get all the time that you put in more money and what your projected expectancy is to increase some of those people. Are you doing the equivalent on the opposite side for who is not getting services? Because what I'm hearing from the front line and from the seniors is that they are not getting the services. They used to get a

number of appointments and now they're cut back to 12. They used to maybe need 40, and they're getting 12 now. That to me is not an increase in service; that's a decrease. I'm just trying to figure out on behalf of those people where you went with that.

Ms. Nancy Naylor: Our view is that these changes have actually resulted in more Ontarians receiving physiotherapy services. Our count is that over 200,000 more Ontarians can now access physiotherapy. I think what you are referring to is the fact that some of that is funded in what are called episodes of care, but certainly that is renewable. There are episodes of care, for example, in a community clinic, funded for a couple of hundred dollars or about \$300 for about eight sessions. If a patient needs more than that, that's certainly renewable and they are certainly eligible for as many episodes of care as they require.

Mr. Bill Walker: Ms. Naylor, I hear the 200,000. We'll just park that one, if we can. What I'm trying to suggest to you is that there are number of people who are not getting the same level of care. They are slipping backwards and they're going through different forms of health care, which is costing us more money to keep them at the same state. That's my concern. There are a number of people, physiotherapists included, saying, "I used to give Mrs. Smith 10 sessions or 12 sessions or 25 sessions," and now she is not getting them and she is expected to go down the road 30 miles to find that. That's not an improvement in care. I'm trying to get my head around: Are you measuring the people, as a result of your change, who are actually presenting on the negative side of the ledger? Have falls increased in any of the facilities?

Hon. Dipika Damerla: If I can just take a minute—I think Minister Hoskins can talk more broadly as well—I just wanted to reference that in long-term-care homes, we do have certain statistics that you might be interested in.

Before we broadened the changes, on average, about 85% to 100% of all long-term-care residents received physiotherapy, with many physiotherapy services delivered as an exercise class. So we're aware of the fact that it wasn't really physiotherapy as we understand it: not one-on-one, but a lot of it was through exercise classes. Now, on average, 70% of residents in licensed beds receive one-on-one physiotherapy. So in terms of the quality of care, we feel we have really improved.

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I think the really interesting data is that average minutes of physiotherapy per long-stay resident increased from 19.8 minutes per week in December 2013 to 27.2 minutes in June 2014. So that actually shows an increase in the amount of that one-on-one physiotherapy that long-term-care residents are getting.

We fund long-term-care homes based on the acuity in the needs of every single individual resident. So if they require physiotherapy, they get physiotherapy. What we moved away from, as you know, is a model where exercise classes were being billed as physiotherapy. I think the evidence and the numbers here suggest that it's better care.

Mr. Bill Walker: I applaud that. Again, if it was a physical activity program that wasn't truly physio, I get that and I support that. That's not the need that we want.

Can I just ask for a point of clarification, though, Minister? If a resident in a long-term-care facility was deemed to be assessed and had a care plan that needed 112 appointments in a year, are they guaranteed to get that 112?

Hon. Dipika Damerla: I'm going to take a stab at this answer, but I'm going to ask the deputy to weigh in. My understanding is that physiotherapy tends to be, by definition, a limited course. If you need 112 appointments, then at that point, it's probably a different kind of care. Physiotherapy is typically a course with defined beginnings and ends. I'm going to let the deputy speak to—

Hon. Eric Hoskins: There were no changes made to the units of care that could be provided. You had suggested that there might be a cap of 12. That's an erroneous assumption. In fact, it remains to the primary care provider to determine the course of care that is required. There may be a requirement to return to that primary care provider after a certain number of units of physio are provided, but there is no cap. That aspect of the care was unchanged.

I think it's also important to emphasize that for a lot of the individuals who were receiving care, whether in a long-term-care home or other type of residential setting or even in their homes themselves, that care is continuing. It may be that, for example, the group physio classes that were taking place under the old system, where there could be quite a large number of individuals who were essentially doing exercise classes or falls prevention classes and the like, that activity is continuing, it's just continuing funded through that tranche of the falls prevention or group exercise classes. Individuals who have been deemed unable to leave their homes but require a course of physiotherapy care will still get that physiotherapy care.

I would argue that we've actually expanded the opportunities for individuals, including the home, for those who require it in the home—certainly, if that home happens to be a long-term-care facility, for example. We're confident with that number: in excess of 200,000 additional Ontarians are able to avail themselves of either physiotherapy or falls prevention classes—

Mr. Bill Walker: I am hearing though, Minister—just to counter what you said earlier—from physiotherapists who have said, "I've had patient X for the last five years. They had 48 sessions with me in the last five years, annually. I assessed them. They needed that; that keeps them mobile. It's a continuum of their care to ensure that. I was told that they did have to go back to 12, and they could apply to get more, and they had to go through yet another process." We talk often in the House of administration and bureaucracy; if someone had 48 or 52 or whatever that number happens to be, and they've been assessed by a professional physiotherapist, why all of a sudden this year do they only need 12 and have to go through a process?

What I struggle with is when someone has that type of care and has had it for long periods, why we put them through that whole process. We're spending money on administration, not on that person getting what they want, and in the worst-case scenario, they lose some of that mobility and they have challenges.

I think we're moving in a good direction. I think you're getting a sense of the type of concern that I'm hearing in my community and I hear across the province when I'm in long-term-care facilities or retirement homes. There are people who are not getting the care, I'm hearing that very directly. Again, Associate Minister, you've said 70%; that's wonderful. The goal should be 100%. I'd like to see your numbers that are going to suggest that you want to get to that 100% so that the people who truly need physio are getting the physio, and we're not putting limits and going through administrative processes to get there.

Hon. Eric Hoskins: We haven't introduced limits and we haven't introduced additional administrative barriers. Really, it's about appropriateness of care and following good clinical guidelines. If it is deemed by that health care professional that that individual requires a certain amount of physiotherapy, they're entitled to it and they'll get that physiotherapy.

I know that, certainly, at the beginning of the transformation of this process, there was a misconception in the province that, somehow, we were limiting the course of care. That has not been the case. We have not put any limitations on it.

Mr. Bill Walker: I can assure you, Minister, as recently as August, I was in a long-term-care facility in Midland that shared exactly those types of concerns. That misconception, if it was there, remains. I can give you three or four that I visited personally which still have those concerns and shared them very directly with me as the critic, saying, "This is the issue I have." You're not meeting the standard. You're not meeting the requirements of the patient.

They, again, are supportive of the whole group thing. If that was being missed and abused, I'm the first guy to step up and say: I want to support you with those types of things, but not at the expense of people who truly need that care and/or people who are getting missed now in the system because there isn't funding in the system.

Hon. Dipika Damerla: The Long-Term Care Homes Act is very clear that every resident must have a care plan that meets their needs. If that care plan says that they need physiotherapy, then they get physiotherapy. So the act is very clear that residents get the care that they deserve, whether it's physiotherapy or any other medical therapy that they need. My expectation is that long-term-care homes are creating appropriate plans and then delivering on those plans—

Mr. Bill Walker: What I will do is I will bring the minister some cases—

The Chair (Ms. Cheri DiNovo): Mr. Walker, you have about five minutes.

Mr. Bill Walker: —thank you—and explore those.

Another one that I just wanted to touch on very quickly, since we only have five minutes: You set a target in 2013 to implement a provincial program to help seniors living with Alzheimer's and other dementias. How many of the 629 LTC homes in Ontario have implemented this program to date? How much was targeted to be able to meet that target? How much was actually spent on the front-line programs and services? If all of the money wasn't spent, I'd like to know where the difference was spent.

Hon. Dipika Damerla: I know that building specialized units across long-term-care homes, as required, whether it's for behavioural things like Alzheimer's or dementia which you mentioned, is definitely work that's already under way. As you know, we have a dementia strategy that Parliamentary Assistant Naidoo-Harris is working on. I'm going to turn to the deputy to answer the more technical pieces of the question.

Mr. Bill Walker: If I could, though, I just want to clarify a little bit. My messaging the last time, as well, was that you come out and you set a number in front of the public of Ontario, saying "I'm going to have 629 homes get this." I would expect, and the people of Ontario that come to me are expecting: When and where is this going to happen? If you've got 629, are you setting a five-year goal? Are you setting a two-year goal? Open-endedly saying, "We will get there and are in process," frankly, Minister, is not good enough. We want to know: Are you on track? If you don't have a plan, that leaves me equally disturbed in regard to—you're making grandiose plans. You're throwing grandiose numbers in front of the public, but you're not hitting the targets. They have expectations. It's no different than anything that I do in my personal life. If I'm going to build a house, I say that I'm going to do in the next six months or I'm going to do it in a year, and I want to know that that contractor is on target or I'm going to hold him or her accountable.

It's no different here: If you're going to say things like, "I'm going to put in 629 programs," then I want to know where you are on your scale of 629 programs.

Hon. Eric Hoskins: That's a valid question. Certainly, I think that it's a question that the ministry can look into.

Dr. Bob Bell: Can we ask you just to be a little clearer, so we can come back, Mr. Walker, with the appropriate answer for you? We were a little unclear.

Mr. Bill Walker: Again, you set a target in 2013 to implement a prevention program to help seniors living with Alzheimer's and other dementias. How many of the 629 long-term-care homes in Ontario have implemented this program to date? How much was targeted to allow them to implement these programs to date? How much was actually spent of what you had budgeted to do? And if you didn't spend all of the money to get that, on a time frame that I trust you should have defined, then where did the money go?

Hon. Dipika Damerla: What we are going to do is—what I can assure you is that long-term-care homes across Ontario already have specialized units. What we can do is

consult with the ministry to see what kind of data we can provide you on that. I'm going to consult with the ministry and see what's possible.

Mr. Bill Walker: I appreciate that. The other question—because I know that I'm probably getting right down to the last couple of ticks—is that there are approximately 800,000 people without a physician. Can you give me a breakdown of how many seniors of that 800,000 are without a family physician, how many people in middle age are without that, and how many children are without a family physician across that 800,000 that remain without a physician, across our province?

Hon. Eric Hoskins: Again, that's a question that I can ask the ministry to look into. I know that that is an estimate based on a survey. I'm not aware—but I suspect—if we obtained the demographic data that you're requesting as part of that survey which lead to that figure, but I certainly will ask the ministry to look into it.

Dr. Bob Bell: It would strictly be an estimate based on the survey data and the folks who are answering. We won't have exact data.

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Mr. Bill Walker: Not expected, but my thinking again is, if you at least know who the target audience is, your strategies are following how to serve that demographic or those demographics best. If you don't know how many, how are you then training the doctors who are coming out of school for the actual need that we have?

Dr. Bob Bell: Anecdotally, what we do know is that there's a high proportion of those 800,000 people who are young, healthy—generally speaking—males who—

Mr. Bill Walker: You just described me.

Dr. Bob Bell: There you go—who may have decided like you that they may or may not need a family doctor. Their health is such that they don't need access to a health care provider. We know that's a significant chunk of the folks who don't have access to primary care: people just like you.

Mr. Bill Walker: Okay. Thank you very much.

The Chair (Ms. Cheri DiNovo): We now move on to the third party: Madame Gélinas.

M^{me} France Gélinas: All right. When I left off, I was asking about how much the legal costs were for the ministry and eHealth for the lawsuit from CGI about the diabetes registry. My colleague asked for a broader list of expenses, not only the legal expenses, but consulting expenses. But I want to make sure that those are not only to the ministry, but also to eHealth, and then I'm satisfied with the answer you've given him.

Hon. Eric Hoskins: Okay.

M^{me} France Gélinas: My next question has to do with lawsuits. How many lawsuits against the Ministry of Health do we have right now?

Hon. Eric Hoskins: I'm going to have to ask the ministry to look into that as well. I'm not intimately familiar with that.

M^{me} France Gélinas: Okay. My next question has to do with lawsuits, but I will set you in context. How many

out-of-country funding applications do we receive each year? I'm up to date till 2012, so I'd like to know—2013-14 and 2014-15: How many out-of-country funding applications we received, how many were approved, how much was budgeted and how much was spent for those two time periods?

Hon. Eric Hoskins: Okay. Before me, I certainly have, in the first instance, information for the funds expended for out-of-country health services. Do you want me to read that into the record?

M^{me} France Gélinas: Sure.

Hon. Eric Hoskins: Going back to 2010-11, it was \$54.4 million; 2011-12, it was \$33.5 million; 2012-13, \$39.1 million; 2013-14, \$43.5 million; and 2014-15, \$56.4 million, which is the last year that we would have actuals for.

In terms of the numbers of patients that were served—you have to point me to—what's the number?

Interjections.

Hon. Eric Hoskins: The total number of patients—what was your question with regard to the total number?

M^{me} France Gélinas: I wanted to know how many people had made applications, how many got it and how many got turned down.

Hon. Eric Hoskins: I only have those approved before me. Unless they appear in the next moment, can I suggest that that's something I ask the ministry to look into as well?

M^{me} France Gélinas: Sounds good.

Hon. Eric Hoskins: But if you're interested, I can certainly tell you that in the last year that we have complete numbers for, 2014-15, there were 14,481, I believe—certainly in excess of 14,000 Ontarians who were approved and did avail themselves of out-of-country health services.

M^{me} France Gélinas: Let's say we take this number for last year. We spent \$56.4 million for 14,481 Ontarians to receive out-of-country coverage. Do we know how many of those were for addiction services?

Hon. Eric Hoskins: I don't offhand, but if you'll allow me on the previous question just to provide some supplemental information. As of Q1, the first quarter of this fiscal year, 93% of out-of-country applications have been approved.

M^{me} France Gélinas: Okay. You do keep track, so you'll be able to give me the percentage for the other ones, too.

Hon. Eric Hoskins: I'll certainly ask the ministry to look into that.

M^{me} France Gélinas: And can I have the percentage of those, or the number—once I have the number, I can figure out one or the other—that were for addiction services?

Hon. Eric Hoskins: That's a question that I'm sure the ministry is taking note of, if I can consult with them on the data.

Dr. Bob Bell: The one thing we can say, Madame Gélinas, is that especially with respect to eating disorders, we've pretty substantially increased capacity in

the province that allows us to treat patients within Ontario rather than sending people out of country for that kind of mental health service, as well as some expansion in our addictions. I can't give you the exact data on that, though.

M^{me} France Gélinas: Okay. Why is there a lawsuit against the government on this issue?

Hon. Eric Hoskins: It's a pause as we—

M^{me} France Gélinas: The awkward silence.

Hon. Eric Hoskins: It's just becoming fairly frequent to—

Dr. Bob Bell: We actually have one of our ministry lawyers here, but we don't have any information.

Hon. Eric Hoskins: So we're going to have to look into that as well, if that's all right.

M^{me} France Gélinas: Okay. So the information will come—

Hon. Eric Hoskins: But a lawsuit—because there is an appeal process that's available to individuals who were denied the out-of-country coverage, but you're referencing something else. You're referencing an actual legal process outside of the appeal process that is available.

M^{me} France Gélinas: Correct. I'll change the topic again, because this is my last rotation of 20 minutes.

Hon. Eric Hoskins: It feels like Jeopardy—

M^{me} France Gélinas: Yes, exactly. Hospices: Can you give me a list of how much funding was given to hospices? I'd like to go back to 2013-14 and 2014-15. What was the amount that was budgeted, the amount that was spent and why is it that we don't fund hospices to 100% of their expenses, but only fund certain parts of hospice services?

Hon. Eric Hoskins: Generally speaking, we were the first government to fund hospices in Ontario. We currently fund, I believe it's—I don't think it's 20; I think it's in excess of 20 hospices that we're funding. We made a commitment to fund an additional 20 as well on the operating side. That's work that my parliamentary assistant John Fraser is working on right now to fulfill that commitment of government.

With regard to the portion of funds that we provide on the operating side, partly I think it's recognition that the capacity, as we do in other aspects of the health care system, of our hospices and those individuals who work with them or volunteer their time—often the communities are strongly supportive of our hospices, and there is a significant fundraising capacity that takes place as well. To both avail ourselves as a province of the fundraising capacity to assist our hospices, but also for us to be able to provide a significant amount of funding over a larger cross-section of hospices, I would presume that that's part of the reason why we would fund part but not all. But I may have a better answer coming here. I hope you can appreciate that I'm being as forthcoming as I can. I don't pretend to have all the answers to all of your very valid questions.

So 34 existing hospices are funded through CCAC budgets, and we fund at the level of \$90,000 per bed per

annum, and \$134,000 per pediatric bed. So we don't have what the total of that is province-wide, currently, in front of me.

M^{me} France Gélinas: Okay. So one envelope, \$90,000 per bed, and that's—

Hon. Eric Hoskins: For adult hospice beds, yes.

M^{me} France Gélinas: For adult, and \$134,000 for—

Hon. Eric Hoskins: And pediatric, \$134,000.

M^{me} France Gélinas: Okay. I'm moving on to the Northern and Rural Recruitment and Retention Initiative. In the fall of 2013, there were 319 northern and rural recruitment and retention grants. I'm interested in knowing what was the amount of grants, in money, given in 2014-15? How much is budgeted for 2015-16? And how many grants have been awarded each year for let's start in 2013-14, 2014-15 and this year, if you have it?

Hon. Eric Hoskins: Okay. Just bear with us for a second just to see if we have this information before us or if that may be something that I need to ask the ministry to find.

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So what I do have before me with regard to the Northern and Rural Recruitment and Retention Initiative is that to date—this may or may not answer your question, but I'll start with this—the ministry has approved over \$40 million in funding for 560 Northern and Rural Recruitment and Retention Initiative grants across the province.

My understanding is that it began with an initial allocation of \$5.4 million, which has been increased to—\$7.9 million is the allocation for this fiscal year, 2015-16. And that's really due to an increase in the program uptake, which is a good thing. I think we would agree, and I'd like to stress the importance of this program because it really—particularly for those communities that are otherwise unable to attract physicians and specialists, or where patients wouldn't have access to primary care, this provides an opportunity to do just that.

M^{me} France Gélinas: Oh, absolutely. This \$7.9 million is for 2015-16; how much was it last year and the year before?

Hon. Eric Hoskins: I don't have that in front of me. I'll add that to the list of information I'll consult with the ministry for.

M^{me} France Gélinas: The other one has to do with primary care—family health teams, aboriginal health access centres, community health centres, nurse practitioner-led clinics and birthing centres. I would like to know the amount that was spent, in dollar amounts, for each of those programs over the years. I'm good until 2012, then there's this blank. So 2013-14, 2014-15 and 2015-16: How much money was spent on each of those—

Interjection.

Hon. Eric Hoskins: My deputy assures me that he's going to miraculously reveal this information, hopefully.

M^{me} France Gélinas: I ask it every time, so I'm sure somebody said, "She's going to ask that again."

Hon. Eric Hoskins: We should have at least been able to predict it.

M^{me} France Gélinas: Yes.

Interjection.

Dr. Bob Bell: That's great. Thank you.

The interprofessional primary care models, if we start back in 2011-12: for family health teams, \$309 million in 2011-12; \$316 million in 2012-13; \$337 million in 2013-14; \$345 million in 2014-15; and the allocation hasn't changed this year. That excludes physician payments but includes health links funding.

If we look at nurse practitioner-led clinics, starting in 2011-12 it's \$29 million; 2012-13, \$35 million; no change in 2013-14; and no change in 2014-15 or 2015-16 allocations.

Aboriginal health access centres: \$20 million in 2011-12; \$21 million in 2012-13; \$22 million in 2013-14; and \$23 million in 2014-15.

If we look at community health centres: \$84 million in 2011-12; \$86 million in 2012-13; \$85 million in 2013-14; and \$85 million in 2014-15.

The amounts for 2011-12 to 2014-15 are actual expenditures. For 2015-16, the numbers we mentioned are, of course, allocations.

M^{me} France Gélinas: Birthing centres?

Hon. Eric Hoskins: I was just looking to see how that wasn't on this—we should have figured that one out. Does anybody know if we have the information on birthing centres? If not, that's something that we—assuming that we have it—can provide. I'm sure we have it.

M^{me} France Gélinas: Can you separate out the health links money to see how much funding has been provided? And I would like it for each health link.

Dr. Bob Bell: We certainly have the money that we budget for health links.

Hon. Eric Hoskins: So we might have the global amount and then we'd have to get back to you with regard to the individual health links. That's something that I'd have to ask the ministry to look into.

M^{me} France Gélinas: Okay. They're not very old, so go as old as they get—whenever they started.

It's interesting. If we take, let's say, aboriginal health access centres or nurse practitioner-led clinics that have had, like, \$35 million, \$35 million, \$35 million, how do you address their wait-list when the budget doesn't change year over year?

The Chair (Ms. Cheri DiNovo): Madame Gélinas, you have five minutes left.

M^{me} France Gélinas: Okay.

Dr. Bob Bell: Should we come back to health links?

M^{me} France Gélinas: Oh, sure.

Dr. Bob Bell: The funding history for health links, starting in 2012-13: \$1.4 million; 2013-14, \$8.6 million; 2014-15, \$18 million; and 2015-16, \$19 million. That's the allocation in 2015-16. That doesn't include, in 2015-16, a more recent allocation, a funding package of \$1.1 million which will support the North East Local Health

Integration Network for implementation of five health links.

M^{me} France Gélinas: Okay. Will I be able to get it health link by health link?

Dr. Bob Bell: The funding is pretty consistent, but we could—I think the request is to know where these health links are. Is that the—

M^{me} France Gélinas: Partly. You see right through me, don't you?

Hon. Eric Hoskins: So can we ask the ministry to look into that as well, to that level of detail?

M^{me} France Gélinas: Yes, sounds good; much appreciated. My question was, if you flatline, how do you address wait-lists? If we look at nurse practitioners, there have been \$35 million assigned to those 25 nurse practitioner-led clinics for the last four budget years, but some of them have long wait-lists. How do you address that?

Dr. Bob Bell: I think it's fair to say that we've got a variety of different models of providing primary care. Team-based models, as you know, also include nurse practitioners working within professional health teams. We continue to increase that allocation for primary care based on about a 1.25% increase to the physician services budget this year and the following year.

M^{me} France Gélinas: None of this has anything to do with nurse practitioner-led clinics.

Dr. Bob Bell: Not nurse-practitioner-led clinics, but nurse practitioners providing primary care within the family health—

M^{me} France Gélinas: No, my question was specific to the nurse practitioner-led clinics. I have many of them in my riding. They all have long wait-lists and they've been flat—not only have they been flat, but you've just read 35-35-35-35, which means that for the last four years the total amount was \$35 million for those 25 clinics.

Interjections.

M^{me} France Gélinas: I take it that we don't. All right. I'll go to my other question, then. You have said many times that 75 new nurse practitioners in long-term-care homes—30 of them were announced this fall and 45 will follow in the following years. How many long-term-care homes will be served altogether? Of the 30 that were announced for this year, how many have been hired?

Hon. Dipika Damerla: My understanding is that there will be 75 long-term-care homes that will eventually have 75 nurse practitioners. We've started the hiring process, but I'm going to turn to the deputy or staff if they actually have an update on how many have been hired to date or what that status is.

M^{me} France Gélinas: So of the 75—if my memory serves me—good long-term-care homes, 75 of them will have a nurse practitioner and the other 700 won't?

Hon. Dipika Damerla: The way the program works is, what we looked for was long-term-care homes that have a demonstrated gap in providing primary care to their residents. It was really based on which homes needed it. Some homes may have already excellent access to primary care on-site; others need it. It was

really based on a gap analysis. That was the primary driving feature.

In terms of where we are in the rollout of those first 30, I'm happy to consult with the ministry and see if we can get back to you on that issue.

M^{me} France Gélinas: Thank you. I'm interested to know if the ministry has done any polling or public opinion search about the physician compensation negotiation, how much money was spent on doing public-opinion-

polling-type research on this issue, and what was the result.

The Chair (Ms. Cheri DiNovo): I'm afraid we've come to the end.

M^{me} France Gélinas: You're saved by the bell.

The Chair (Ms. Cheri DiNovo): Maybe that could be submitted. Thank you; we are now adjourned until tomorrow at 3:45.

The committee adjourned at 1800.

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

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*The committee met at 1555 in room 151.*MINISTRY OF HEALTH AND LONG-TERM
CARE

The Chair (Ms. Cheri DiNovo): Good afternoon, members. We are here to resume consideration of the estimates of the Ministry of Health and Long-Term Care. There is a total of 51 minutes remaining. When the committee was adjourned yesterday, the third party had about 44 seconds left in its question rotation. Madame Gélinas, if you wish, please proceed.

M^{me} France Gélinas: When I was—

Mr. Bas Balkissoon: Time's up.

Laughter.

M^{me} France Gélinas: —interrupted yesterday afternoon, I was asking about the OMA negotiations: if any polling had been done, if any public opinion research had been done regarding the negotiations regarding the OMA agreement, and if so, how much the government spent, and if you could share the results of those, if they were done.

Hon. Eric Hoskins: As you can appreciate, through my ministry, we routinely do polling on a number of subjects, including the provision of health services by our physicians. There has been some polling done over the course of the year—

The Chair (Ms. Cheri DiNovo): I'm afraid that your time is now up, so if you could maybe submit that.

Hon. Eric Hoskins: I was just going to get to the interesting part.

The Chair (Ms. Cheri DiNovo): We now move to the government side: Ms. Naidoo-Harris.

Ms. Indira Naidoo-Harris: Thank you, Chair. My question is for Minister Damerla. Minister, as our population ages, more and more families in my riding are faced with finding the right long-term-care homes for their loved ones. Residents want to know that they can live comfortably in their new homes, and their families need to know that they'll be properly cared for.

Many families in my riding who are undergoing this transition are worried. They're worried about the affordability of long-term care. Can the minister please let us know what the government is doing to ensure that each and every Ontario has access to the long-term care they deserve, regardless of their financial means?

Hon. Dipika Damerla: Thank you for that really meaningful question. It's an important question. I just want to begin by assuring this committee, and Ontarians in general, that, in Ontario, no one is denied long-term care because they can't afford it. The way that long-term care works is that there's a small copay that residents pay, and the rest of the expenses are borne by the government. Even that copay piece is geared to income, so depending on what your income level is, the copay is pegged so that affordability is never an issue, and I'm going to go into some detail.

I also just want to say that, overall, we are really proud of the investments we have made, both in long-term care and—what I think of as the other side—home care, because home care and long-term care go hand in hand. The more we invest in home care, the longer people can stay in their homes and the less they need to use long-term care as well. Our investments in home care, in many ways, go towards that affordability issue because, if people can continue to live in their own homes, then they don't have to worry about long-term care, or probably worry about it a little less or for a lesser amount of time.

To that end, our investments in community care have been increased by more than \$270 million this year, which is just part of our commitment to increase our investment by over \$750 million by 2017. That's over and above the fact that we've added more than 10,000 long-term-care beds since coming to office—and, of course, our commitment to redevelop 30,000 long-term-care home beds.

Coming back to the issue of affordability: As I was mentioning, the guiding philosophy is that income should never be a bar to access to long-term care for our parents and grandparents, and this is why any resident who does not enough income to pay the full copay rate can apply to have their copayment rate reduced.

Just as some background for the committee members: Currently, long-term-care-home residents are required to contribute to the cost of their accommodation—basic or preferred—through a copayment. The ministry determines the maximum copayment rates that long-term-care homes may charge residents for accommodation, as set out in regulations. To ensure that income is not a barrier to access, residents who do not have sufficient income to pay the full copayment rate may be eligible to have their copayment amount reduced. This is known as rate

reduction and is only available to residents in basic accommodation.

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Currently, around 33,000 or 43% of the total number of long-term-care residents in Ontario benefit from the reduced long-term-care copayment rate, to which our government commits between \$160 million and \$200 million per year. The government covers the copay that the 33,000 residents are unable to pay, that portion.

The 33,000 lower-income residents who do pay a reduced rate are unaffected by any change. Even if we were to change any copayment rates, affordability continues to be maintained. That's a really key part of how we designed copay policy.

To get a sense of how affordable long-term care is in Ontario, I think it would be useful to compare copay rates across Canada. Here are some numbers that show that Ontario is really on the more affordable side. For instance, the Northwest Territories has the lowest at \$25.37. In Ontario, the basic copay rate is \$58.35. But when you start to compare it with comparable provinces such as Saskatchewan, where it is \$67.23; Manitoba, where it's \$80.60; and British Columbia, where it is \$105.25, you begin to get the sense that Ontario, at \$58.35, is very affordable. I think it's a very fair way of setting the copay rate. I hope that answers your question about the affordability of long-term care in Ontario.

Ms. Indira Naidoo-Harris: Thank you so much, Minister, and thank you for the thoughtful and detailed answer. It's very encouraging to know that when it comes to affordability, people out there, regardless of their income, will be able to access the kind of care that they need. I know it's something that families out there are concerned about, and I hear the question come up every now and then.

Putting it in the context of the rest of the country also gives us a sense of how well Ontario is doing to make sure that we are making this accessible for our seniors and for families, so thank you so much for your answer.

I'm now going to switch gears a little bit. My next question, Chair, will be for Minister Hoskins.

Minister, the public health units in my riding provide many of our community health programs, which are vital to my constituents. I'm quite aware of all the great work that our public health units do. They're working hard every day to prevent illnesses and diseases and to protect Ontarians and protect our public health care system.

A key part of this, of course, is education, as you know. I've heard recently about perceived cuts to public health units' funding this year, and I wanted to get further clarification on what our government is doing to support our public health units here in Ontario. What is our government doing to support the hard work that these units do for Ontarians? Can you tell me about the difference in funding provided to public health units from last year?

Hon. Eric Hoskins: Of course, and thank you. I was feeling a little neglected by this side of the table, so I'm

glad that I've got the opportunity to answer your questions.

You mentioned hard work in your question. I feel compelled to begin by acknowledging the incredibly hard work of our public health nurses, our public health doctors, administrators, those who work in what I believe is one of the best public health systems in the world. It's one that I'm incredibly proud of.

I think many people know that apart from being Minister of Health, I'm also a family doctor, but few people know that I'm a public health specialist. In fact, it was 30 years ago this year—I missed the reunion; it was about 10 days ago—that I graduated from medicine and made a decision to become a specialist in public health. I have to say, it had a lot to do with the medical program at McMaster University at that time, which provided a lot of time during the course curriculum to pursue individual interests and goals. About a third of the curriculum was elective time, so virtually all of that time—a third of a three-year program—I spent doing public health in different parts of the world: in India and in the Dominican Republic. I know you probably suspect I had other motives going to the Dominican Republic, but in fact, I spent a year there, building latrines and vaccinating kids. This was at the ripe old age of—I think I was 21 when I started medical school, or 20 even.

It's a little-known fact as well that my wife, Samantha Nutt, was originally going to become an obstetrician-gynecologist. It was as a result of my influence—persuasion, I suppose, or maybe simply that at the time, I had practised as a public health physician for more than a decade before I met her, or just about a decade—that she changed that career path, and what she has done is also become a specialist in community medicine and public health.

In 1985, when I decided to pursue that path, little did I know how valuable that experience would be in my current position and, as I mentioned, giving me great confidence in our front-line public health workers and the incredibly critical role that they play every day in keeping Ontarians safe and healthy, and promoting healthy living. They understand better than probably just about anybody the issues of health equity and social determinants of health.

This morning, I gave a speech at HealthAchieve, which is an annual conference by the Ontario Hospital Association. I spoke about how important those issues of health equity and the social determinants of health are to ensuring that we deliver care to those who truly need it, and that we have a broad perspective when it comes to what that support and that care should be. Often it is outside of the direct realm of health care—maybe supportive housing, for example; maybe income support—but it's no less important to helping achieve those healthy outcomes.

Back to 1985, when I decided—I'll say this humbly. I received a Rhodes scholarship to go to Oxford, and it was there that I was able to gain a degree. They call it a DPhil. It's the equivalent of a PhD here, although it's

wholly a research degree. At Oxford, I obtained my DPhil in epidemiology and community medicine. That's what set me on the course to working in Africa and other parts of the world. I did the fieldwork for my DPhil in Sudan, and I lived and worked in Sudan for three years, doing exclusively public health and working in war zones in Sudan and other countries, working with refugees in the eastern part of the country. Gradually, month by month and year over year, I honed my skills in public health and gained a greater understanding of just how vitally important public health is to all of us.

Not wanting to dwell too much on the past, but I wanted to share that with the committee as evidence, I suppose, of how, as minister, it's important for me to look at health care through that lens as well—and the incredibly important work that the associate minister does in health promotion, for example—and how we can, as a government, ensure that we're providing that breadth of services and support, so that Ontarians can avail themselves of a healthy lifestyle and healthy living.

Probably, I think, the goal of all of us is to ensure that Ontarians don't get sick in the first place. It's much better for all of us—including as a society, including from a fiscal point of view—to lead healthy lifestyles; where their health is promoted. To be able to avoid illness and disease is a much better path through life than the alternative.

That's what brings me to present day, I suppose—is that long background of when I was at Oxford. I think I said earlier in the committee, it took me nine years to get my DPhil. I should probably just make it clear that it wasn't because of any negligence, or because it took them four years to consider whether I was really worthy or whether my thesis was substantial enough or not. It was because of a long and winding road, and the three years, that I mentioned, in Sudan that I worked in public health, as well as in Somalia and Ethiopia, and Iraq as well, during and after the first Gulf War.

It really gave me a perspective, not simply being in other parts of the world—but really, that public health perspective of just how vitally important social determinants of health and health equity and issues of access are.

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In public health here in the province today—I've already referenced how incredibly proud I am of our front-line public health workers and the work that they do every day. They're almost unsung heroes, aren't they? They do tremendous work, but it's generally unnoticed. Their job is to prevent the outbreaks and prevent the epidemics, so when they don't happen, we never think back that it was because of the efforts of our public health nurses to ensure that kids are vaccinated against infectious disease. We never make that connection when we avoid a catastrophe or avoid an outbreak or an illness—a food-borne illness, for example. We never think back on how we avoided that because we're not thinking about it anyway, because it never happened. It

really is a vitally important part of our health care system.

A few years back, before I became health minister, when it was felt, after a number of years, where regardless of size or need—where we had provided the same increase across the board to all our public health units. We had done that for a number of years without regard, really, to what the community need was and what the population pressures might be and how to best invest the dollars that—

The Chair (Ms. Cheri DiNovo): Just to let you know, Minister, you have about five minutes left.

Hon. Eric Hoskins: Five minutes.

At that time, in fact, there had been a number of studies and reports written to look at, could we do a better job of allocating resources through our public health units, so that they would be responsive to—what we were able to do was measure and identify the needs within the communities themselves. There are certain parts of the province where the challenges that people might face, based on demographics or based on socio-economic data that we might have—we had sufficient evidence to have a good understanding that we could do better in the allocation of resources.

That really was the basis of the reform of the funding formula applied to public health units. This year we had the opportunity, really, for the first time—and I should reference that this is in the context of, the funding that we have provided to our public health units since we came into office in 2003 has increased dramatically. It has increased by 164%, which, as a sector or sub-sector within health care, is probably greater than any other sector or component of the health care system. So we demonstrated our commitment solidly over that period of time.

We felt that we had an opportunity to do better in terms of allocation of new resources, and so that's what we've done this year. As a result of study and consultation that involved AMO, the Association of Municipalities of Ontario; alPha, which is the association of the public health agencies, who are front-line public health workers—we have a funding review working group that was comprised of a whole set of stakeholders. It was chaired by Dr. David Mowat, who was the acting Chief Medical Officer of Health for Ontario.

There are people in this room who invested a great amount of time into that funding formula. We decided that this year we would have the opportunity to implement it, but only on the increased funding. So that 2% increased funding that we provide and have provided for a number of years to our public health units—we decided for that increase—so the base funding to all public health units we kept intact, but we felt that it was responsible to take that 2% increase in the budget and allocate that based on the new formula, which would allow us, as I mentioned, to begin that process of focusing and targeting those additional dollars where we

can understand and have evidence for where the need is greatest.

That's what we've done this year. I have to say that, not surprisingly, as they have done throughout, our public health units are rising to the challenge and working extremely hard to continue to deliver those vital programs that they deliver on a regular basis.

I hope that begins to answer your question.

Ms. Indira Naidoo-Harris: Thank you, Minister. Chair, how much time do I have left?

The Chair (Ms. Cheri DiNovo): About a minute and a half.

Ms. Indira Naidoo-Harris: Okay. Thank you, Minister. I really appreciate you sharing your experiences and your observations with us. I think that, when we talk about public health, we're talking about prevention, and it's pretty clear that a lot of our focus here in Ontario is on that.

I am particularly interested in the fact that you have had experiences elsewhere, and so probably bring to the table a real sense of the support that Ontario gives to public health in comparison to other places around the world. Do you find that that has really assisted you in being able to see where the needs are and how well we are doing here in Ontario?

Hon. Eric Hoskins: Well, it's clear that we can always do more, right? What I attempted to do in my answer to your first question was reinforce just how deeply committed I am to supporting our public health units. I believe, and we've done considerable work within the ministry as well, that we can take steps to better integrate public health into the overall health care system, that we can certainly benefit from the advice of our public health professionals. As I mentioned, they are experts in social determinants of health and issues of health equity, health promotion. For that reason alone, I think we can and we need to take further steps so that they are part of the decision-making process in the broader health care system, that we can benefit from that expertise—

The Chair (Ms. Cheri DiNovo): I'm afraid you are out of time, Minister.

Now, there being 30 minutes remaining in this ministry's estimates consideration and seeing that we're at the end of a full question rotation, we will split the remaining time evenly. The Progressive Conservative Party is up now for about 10 minutes.

Mr. Michael Harris: All right. Good afternoon, Minister.

We last were speaking about EDS and the working group, and I know your deputy read into the record the folks that are on that committee. If you can submit that to the Clerk for us later, and perhaps the dates that they're going to be meeting, that would be great.

The timeline you've set on it, or actually the actionable items to the group—are they going to report back to you directly on their findings?

Hon. Eric Hoskins: The working group itself?

Mr. Michael Harris: Yes.

Hon. Eric Hoskins: Yes, definitely they will be.

Mr. Michael Harris: Now, I'm kind of moving around, but we did talk about PKU, and you constantly say that you've taken the politics out of these things. What do you mean by that?

Hon. Eric Hoskins: As a government, we took steps to take the politics out of the decision-making with regard to which drugs should be brought into the public drug program. In fact, I believe I have no legislative authority, and I think it would probably be contrary to the act for me to attempt to influence a decision with regard to adding a drug to the formulary—or removing one, I suppose—or making it otherwise available to Ontarians.

As a scientist with, as I referenced, a degree in epidemiology, I have a good understanding of the process that leads to a drug being brought to market, as well as being deemed proven effective for any particular condition. This predates me as minister, obviously, but I have a great understanding of just how important it is for all those decisions to be made based on science and evidence alone. Politicians, I think you'd agree, don't necessarily always have a track record of making decisions on science and evidence.

Mr. Michael Harris: They don't.

I submitted a letter to you back on June 29. Now, I should check with my office; I don't think we've gotten a response. I can give you a copy of the letter, but if you can ensure that I get a response to that letter, it would be helpful.

Moving over to Ornge and the disaster it was, obviously, under the previous health minister, I'm wondering if you can explain this to me. Ornge used to post their financial statements on the website, and I don't believe there were any financial statements for 2014-15. Can you tell us why those were not posted and if you can submit them to the committee?

Hon. Eric Hoskins: I'm not aware that that's the case. Perhaps the ministry might be able to comment on that directly.

I'm also not aware—I thought I was up to date in response to letters, but I'll look into that in terms of a response, and I apologize if you haven't received it yet.

Mr. Michael Harris: No, I'm not suggesting you didn't. We couldn't find it if you did. But, yes, get it to me, I suppose.

So was somebody going to respond to the financial statements of Ornge for 2014-15?

Dr. Bob Bell: We're just getting the person who can give us that data and tell us why that's the case. I wasn't aware of that either.

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Mr. Michael Harris: So there's that. I'm wondering if you could tell the committee, and this would be something you'd submit to us at a later date, but patient transfers for last year—year over year, I guess, so that would be 2014 and then 2015, if they've increased year over year.

Hon. Eric Hoskins: Yes.

Mr. Michael Harris: They have?

Hon. Eric Hoskins: Sorry. Patient transport volumes you're talking about; correct?

Mr. Michael Harris: Are they going up or down?

Hon. Eric Hoskins: From 2012-13, they were 17,832. Today, or rather 2014-15, which obviously are the most recent results that we have, they are 18,035, which represents an increase. Sorry, I should have given you—2013-14, it was 17,603. So it's a 2.5% increase from 2013-14 to 2014-15.

Mr. Michael Harris: Okay. I'm wondering if you can tell the committee if the ministry or another source of government provided Ornge with any one-time funding that would be considered outside of its normal annual funding.

Hon. Eric Hoskins: I don't have the answer to that. I don't know whether the deputy does or if that might be something that we need to look into.

Mr. Michael Harris: Yes, if you could get back to us on that specific question.

Hon. Eric Hoskins: Yes. Can I add as well that on the transport—I know you might not refer to them as patients, necessarily, but organ transport went up substantially as well, a 38% increase. I'm quite proud of that fact. It's obviously a result of the efforts in terms of the Trillium Gift of Life Network for organ transplants.

Mr. Michael Harris: I'm going to give it to my colleague here in a minute, but the last question I had was on your plan for the CCACs and the LHINs. Do you have a plan to merge the CCACs with the LHINs, or do you want to explain if there are any plans to do that?

Hon. Eric Hoskins: The Donner report earlier this year spoke more of function than form, so we implemented a 10-point action plan as a result of her recommendations. Subsequent to that, as you know, there is the Auditor General's report. We have embraced and will be implementing all of her recommendations.

One of her recommendations—I think it was recommendation 5—specifically points to the importance of doing a system review, of essentially looking at our CCACs from top to bottom, from the perspective of the quality of care that they provide to Ontarians. We have not made any decisions in terms of any changes in governance or structure, but as a result of the recommendation from the Auditor General, the ministry is consulting with stakeholders in terms of what those improvements might be. We haven't made any decisions as of yet.

Mr. Jeff Yurek: Thanks, Minister. I want to just ask some questions about the Price report. I think everybody had a copy before it was officially released, and now it's released.

Where are you with reviewing and implementing the Price report, and are you taking steps to fully implement it?

Hon. Eric Hoskins: The Price report, as you know, looks at primary care reform. It was provided to me earlier this year. It's a public report. I would say it's important to the government. It's one of a number of reports and pieces of advice that we've received from

stakeholders in primary care. One of the reasons to make the report public—last month, I believe—was to invite responses from our stakeholders. We haven't made any decisions based on the report as of yet. Perhaps I'll invite a follow-up question.

Mr. Jeff Yurek: No, I was just focusing mainly on the patient care groups that may be created. Is the ministry costing out what that would cost to maintain and how many patient care groups per LHIN would be created? Have you gotten that far or are you still at the preliminary review?

Hon. Eric Hoskins: I don't think anybody should assume that we're necessarily implementing any, let alone all, of the Price report recommendations. It's an important report and it is guiding our work going forward, but what we aren't going to be doing is creating another layer of bureaucracy. Fundamental to any decision-making process is the element of choice, both for the patient as well as their health care providers.

Mr. Jeff Yurek: I don't have a lot of time left. Just a question with regard to cancer treatment: Is the government taking a look—and maybe your deputy minister may have to respond—at increasing the amount of oral medications for cancer treatment to be reimbursed in the community as opposed to focusing clearly on the IV medication?

Dr. Bob Bell: As you know, many of the oral medications taken by cancer patients in the community are funded through the Trillium program, where patients have catastrophic expenses related to illness. Many of the cancer drugs that people gain access to through the Exceptional Access Program are funded in the community. Of course, the 60% of Ontarians who have access to private drug plans have those funded—oral medications—in the community.

Cancer Care Ontario is providing us with advice regarding the potential. The investments that we've made in injectable drugs are substantial. Under the New Drug Funding Program, the costs in 2014-15 represented an 18% growth compared to 2013-14. The products that have been approved for the—

The Chair (Ms. Cheri DiNovo): I'm afraid your time is up. We need to move on to the third party.

Mr. Michael Harris: Can you make a note, Chair, of the questions that were not able to be answered?

The Chair (Ms. Cheri DiNovo): Yes.

Madame Gélinas.

M^{me} France Gélinas: Given that this is my last opportunity, my first question is about PET scans for the northeast. Everybody in the northeast working on this file is under the impression that it's not going to cost the ministry any more money to send a mobile PET scanner to Health Sciences North than what is already spent. Are you budgeting money for a mobile PET scanner or do you take it that it's not going to cost the ministry anything for us to have a mobile PET scanner come to Sudbury?

Hon. Eric Hoskins: Thank you for asking this question and thank you for your advocacy as well on behalf of the residents of Sudbury and the area.

I think you know that earlier this year I went to Sudbury to have conversations about their request for a PET scanner—or late last year and earlier this year. As a result of those conversations, I asked the Ontario PET scanner expert—

M^{me} France Gélinas: PET scanning committee.

Hon. Eric Hoskins: —committee to provide me with their advice. Fortunately, in Ontario I believe the average wait time for getting a PET scanner, including Sudbury—

M^{me} France Gélinas: I'm fully aware of all of the time—

Hon. Eric Hoskins: You've got a contracted period of time.

M^{me} France Gélinas: I'm interested in money.

Hon. Eric Hoskins: A decision has not been made as of yet. I received recently the report from the committee—

M^{me} France Gélinas: Could you share that with us?

Hon. Eric Hoskins: The committee's report?

M^{me} France Gélinas: Yes.

Hon. Eric Hoskins: I'll ask the ministry to add that to their list to look into.

Obviously, cost is an element of this, but I want to say—and I've said this publicly as well—I attach a significant value to the inconvenience and challenges and hardship of the residents from the north having to travel a long distance to obtain their PET scan, even though they can get it within a two-week waiting period.

M^{me} France Gélinas: When can we expect a decision to be made if a mobile PET scanner will be allowed to come to Sudbury?

Hon. Eric Hoskins: I expect that that decision will be made soon. The committee—it was important because they looked at volumes that are currently being experienced in the area. Those volumes are lower than those areas that would normally have a PET scanner. However, the mobile option is one which hasn't been available as an option until recently. That's a consideration of the committee as well and certainly one of our considerations. I would hope we would be able to make a decision. I would hope the ministry could provide me with that advice soon.

M^{me} France Gélinas: As in before Christmas?

Hon. Eric Hoskins: I think I promised you something else before Christmas. What was that? Just so I remember.

M^{me} France Gélinas: Yes. It was about transgender.

Hon. Eric Hoskins: That's right.

M^{me} France Gélinas: My Christmas list is growing.

Hon. Eric Hoskins: You want two Christmas presents?

M^{me} France Gélinas: Yes.

Hon. Eric Hoskins: I think soon; very soon. I don't want to confine it to a particular period of time. I want to make sure the ministry has the confidence that they can do their due diligence.

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Dr. Bob Bell: To let you know, Madame Gélinas, I was speaking to Dr. Denis Roy, probably about a week ago, about this very issue. I understand the importance to the community and recognize the generosity of the Bruno family and the advocacy that they provided in creating a local share contribution for the device as well—

M^{me} France Gélinas: We're ready at our end. We're waiting for a go-ahead from your end.

Hon. Eric Hoskins: We understand that.

M^{me} France Gélinas: Thank you. My next question is: Could you tell me how much money was spent on air transport of Ontarians out of province, or of out-of-province people into Ontario?

Hon. Eric Hoskins: We obviously don't have that.

M^{me} France Gélinas: I know of one who was flown from Timmins to Sudbury, and Ontario paid half and Alberta paid half. I've come to you with two more cases of people who were out of province: one in Quebec and one in Alberta. Do we have a total amount of money that Ontario has spent on air ambulance, either outside of province for Ontarians or inside Ontario for non-Ontarians?

Hon. Eric Hoskins: I don't have that information. I suspect the deputy doesn't. That's something that I can ask the ministry to look into. But I do want to correct you on one point. That one case that you were referring to: Neither Alberta nor Ontario paid in that case; it was paid for by her private insurance.

M^{me} France Gélinas: The lady from Alberta who flew from Timmins to Sudbury was paid for by—

Hon. Eric Hoskins: Yes.

M^{me} France Gélinas: Oh, that's news to me—was paid for by insurance?

Hon. Eric Hoskins: Yes.

M^{me} France Gélinas: Wow. That's news.

A change of topic: 14 LHINs. If I look at the amount of money that is transferred from your ministry to the 14 LHINs, there's a decrease year over year, according to the estimates books. Is this a decrease or is this because I'm not reading this book properly?

Dr. Bob Bell: I can't imagine that there's a decrease, but I'm going to find it.

Hon. Eric Hoskins: I'm certain that you're reading it properly, but I'm hoping that we might have an answer. I don't have it in front of me, given that it's detailed financial information. I'm not sure if the deputy can illuminate us or not.

Dr. Bob Bell: The change from estimates 2014-15 to estimates 2015-16 for the total transfers to LHINs went up by 0.6%. This is on page 142 of the estimates books: estimates 2014-15, \$24.36 billion; estimates 2015-16, \$24.498 billion.

M^{me} France Gélinas: We can expect the funding for the LHINs to continue to go up?

Dr. Bob Bell: So, \$138 million extra funding from the 2014-15 estimates.

M^{me} France Gélinas: Okay. My next question—remember I asked questions about the number of beds

and I gave you different categories? I'm interested in geriatric psychiatry beds that are found in long-term-care homes but also in hospitals. Can I have a number for how many of those beds are in operation in our hospitals and in our long-term-care homes?

Hon. Eric Hoskins: I don't have that information either in front of me or in my brain. I wish my brain was big enough to contain all sorts of numbers, like important ones like these. Unless Minister Damerla has that data, that's something that I'm going to have to reference with my ministry.

M^{me} France Gélinas: But you will be able to give that?

Hon. Eric Hoskins: I'll certainly ask them to look into it, yes.

Dr. Bob Bell: The only thing I can say, Madame Gélinas, is that this is an increasingly important part of our health care provision, as you know. As the associate minister talked about yesterday, the importance of recognizing the behavioural changes that can occur with identification of triggers, the identification of non-pharmaceutical ways of dealing with dysphoria and other symptoms that patients might have—these are becoming important elements. We don't have that number right here, but we certainly can get it.

M^{me} France Gélinas: Okay. We'll all remember that the government had made a commitment to hire 9,000 new nurses. There was a separate pool of funds dedicated to hiring a certain amount of nurses, and that was 9,000. Is there still an envelope specifically allocated for hiring nurses, or is the envelope that was there for the 9,000 done? I'm interested to know if there's a special envelope. If so, I can't find it.

Hon. Eric Hoskins: Okay. The 9,000 nurses initiative was launched in 2008-09, as you mentioned, to support the creation of new nursing positions and roles across the health care system. In 2014—I'm just trying to reference the time frame that you're asking about, from the launch of the initiative. I know that we have an increase—you might have more here, Deputy, but I know that we have seen a 21.6% increase in nurses employed in nursing in this province since 2013.

I don't have the actual benchmark against the 9,000 nurses initiative, but this was an ongoing investment—I am I right on this? It's an ongoing envelope, so that to me suggests that it's an ongoing investment.

M^{me} France Gélinas: And the envelope is at \$109 million? Is that it?

Hon. Eric Hoskins: I don't have that detailed information at hand. Unless Bob has it, I'll have to reference that back to the ministry for them to look into it.

Dr. Bob Bell: Some of the ongoing programs that are still being funded, as you know, Madame Gélinas, are the new graduate guarantee, where nurses who are offered full-time employment in hospitals have a period of mentorship where they are—

M^{me} France Gélinas: I'm fully aware.

Dr. Bob Bell: —and also the late-career initiatives. As you know, these programs—

The Chair (Ms. Cheri DiNovo): I'm afraid the time is up now. We are going to have to move along to the government side. Mr. Ballard?

Mr. Chris Ballard: Once again, thank you very much to the minister and associate minister for the information and perspective that you've both provided us today. I found it very enlightening, very educational. The both of you, of course, are buried up to your neck in the files that you deal with on a day-to-day basis, but for the rest of us here, we don't often have time to sit and learn as in-depth information as you're providing us today. I particularly enjoyed the background; thank you for that.

Just to comment briefly: I do have a question for the associate minister, but Minister Hoskins, it's always fascinating for me to hear about people's backgrounds. Yours in public health is exceptionally intriguing, and I certainly appreciate the dedication that you bring to that job.

Years ago, I read about "what has saved the most lives in the world," we'll say. I would have assumed that it was the invention of antibiotics—it was the invention of this, it was the invention of that. The person who was writing this article was talking about, "Well, no, it was really early public health that brought sewers and fresh water to medieval towns and cities throughout the world." Maybe that's the foundation of a lot of the work that you do today, that type of advocacy to make things better for all of us, so thank you for that and thank you for that background.

On to Minister Damerla: We've had a fair amount of detail in our discussions thus far. We've heard about many of the great initiatives that our government has undertaken to improve the quality of life for all Ontarians by promoting healthy food choices and ensuring that our young people live healthy, active lives. I know I made those comments yesterday about TV time and computer time instead of getting outside and running around, something that I think all parents are concerned about.

I know we're doing good work right across the province, but I did want to touch a little bit on the communities in northern Ontario, because it takes me back—I mentioned this yesterday—to the many, many years I spent working in very remote fly-in communities across northern Canada, particularly the Northwest Territories, and a little bit in Ontario and the Yukon. The unique conditions in which people of all cultures live—First Nations, aboriginal, Métis and those of other backgrounds as well. It's oftentimes really difficult to understand the challenges that people face, especially those who live in fly-in communities.

I remember the first time I went to a small little community on the northern shores of Great Bear Lake. I walked down to the co-op store, the northern store, and apples were literally \$2 apiece. A chicken was \$15. It was unbelievable. I thought, "How do you feed yourself here?" It's so difficult.

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If you were a government employee, if you were a teacher or a nurse at the health station or whatever, you were compensated accordingly; you had a northern allowance, in terms of a tax break. But for the local folk, it would be extremely difficult to feed yourself in a way that we would consider healthy, with lots of fresh fruits and vegetables and things like that. The emphasis, of course—and you touched on this yesterday—is a return to more of a traditional lifestyle, in terms of eating foods that could be harvested locally in the north, whether it be caribou or moose, and locally acquired plants and vegetables.

I'll leave my thoughts on that, because I went over them yesterday. I just really wanted to get a sense from you—because as I said, I know about western northern areas more so than northern Ontario.

The question I would have is, are there any special health promotion programs or supports that you offer for those living in northern Ontario?

Hon. Dipika Damerla: That's a really great question, MPP Ballard. It is really interesting that you talk about the access to fruit and vegetables, especially in northern Ontario. The reason I say that is that I spent my early childhood in a tropical country, and I have to say I would have been maybe 10 or 11 years old before I ate meat. Before that it was, all year round, a vegetarian diet with, obviously, a lot of vegetables. So for me, the idea that in a northern country, particularly in northern Ontario, where in the winter access to fruits and vegetables would be really difficult—it's hard for me to imagine how you live for three or four months without access to affordable fruits and vegetables, because it is personally, for me, just out of habit and culture, such a big part of my diet.

I am really very proud and supportive of a program that we have which we call the Northern Fruit and Vegetable Program. What that does is provide, at no cost, fresh fruit and vegetables, in combination with some education around healthy eating and physical activity education, to school kids. The expansion of the Northern Fruit and Vegetable Program in 2014 doubled its reach to more than 36,500 students in 194 schools, including 6,600 aboriginal students, as of January 2015.

The HPD provides, following funding for the three northern public health units as well as the Ontario Fruit and Vegetable Growers' Association, for delivery of the program in their respective regions. I'm just going to go through some numbers, to give some idea of the robustness of the program: Algoma Public Health, \$117,000; Sudbury and District Health Unit, \$150,000; Porcupine Health Unit, \$194,000; Ontario Fruit and Vegetable Growers' Association, \$1.1 million. That's another great example of public-private partnership.

I also wanted to pick up on something. I had the opportunity to visit Webequie, another fly-in community in the north. When we were talking to the elders, they talked about something really fascinating. They said that there were programs in place to help those communities do summer farming, so that they could grow their own

vegetables through the short summer that they have. I thought that was so powerful. I'm an avid gardener myself. The interest that the Webequie elders showed in continuing that program—it's a federally administered program, and I think it was discontinued. If there are ways to make that work federally, or even for the province at some point later on—but it just gives you an example, more to your point about the idea of eating locally grown food, to the extent that's possible.

The other thing I wanted to talk about, because you picked up on health promotion, which Minister Hoskins spoke about, is that I just wanted to say that public health—you're so right. Vaccinations are probably the single biggest intervention in terms of saving lives. Sometimes we tend to take that part of public health for granted; right? As you said, we have the modern sewage system; we have the vaccinations in place. But it only takes something like SARS to remind us that you have to be ever-vigilant against communicable diseases—because we really don't see those outbreaks as much of many of the diseases that, even 50, 60 years ago would have taken the lives of little kids.

In my own lifetime I've seen chicken pox vaccines—even my daughter, who is only 17, got chicken pox because I think the chicken pox vaccine only came in in 2004 or 2005. I remember clearly her getting chicken pox when she was about two years old, because I took time off from work and that was the time of the George Bush hanging chad episode. In a funny way, because I'm a political junkie, my daughter wasn't well so I was home, and there I was tending to her but also keeping an eye on the whole drama around the hanging chads and the big presidential election.

I remember so vividly my daughter suffering from chicken pox as a baby, and the fact that had she been born a few years later, she probably wouldn't have gotten chicken pox. It just goes to show you that public health is something that we constantly have to be vigilant about.

But I think the bigger change is—what public health has done traditionally is really, really made a big difference in the fact that very few of us now, today, in the western world, in countries like Canada, die of an infectious disease, and I think the next challenge for public health is around chronic disease. The prevention of chronic disease—

The Chair (Ms. Cheri DiNovo): I'm afraid, Associate Minister, you are out of time now.

Hon. Dipika Damerla: Thank you.

The Chair (Ms. Cheri DiNovo): The time for consideration of the 2015-16 estimates of the Ministry of Health and Long-Term Care has expired.

Standing order 66(b) requires that the Chair put, without further amendment or debate, every question necessary to dispose of the estimates.

Are the members ready to vote?

Shall vote 1401, ministry administration program, carry? Carried.

Shall vote 1402, health policy and research program, carry? Carried.

Shall vote 1403, eHealth and information management program, carry? Carried.

Shall vote 1405, Ontario Health Insurance Program, carry? Carried.

Shall vote 1406, public health program, carry? Carried.

Shall vote 1411, Local Health Integration Networks and related health service providers, carry? Carried.

Shall vote 1412, provincial programs and stewardship, carry? Carried.

Shall vote 1413, information systems, carry? Carried.

Shall vote 1414, health promotion, carry? Carried.

Shall vote 1407, health capital program, carry? Carried.

Shall the 2015-16 estimates of the Ministry of Health and Long-Term Care, not including supplementaries, carry? Carried.

Shall I report the 2015-16 estimates of the Ministry of Health and Long-Term Care to the House? Carried.

Thank you.

I believe now we have all-party support to adjourn this committee until November 17 at 9 a.m.

The committee adjourned at 1648.

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Standing Committee on Estimates

Ministry of Economic
Development, Employment
and Infrastructure

Comité permanent des budgets des dépenses

Ministère du Développement
économique, de l'Emploi
et de l'Infrastructure



Chair: Cheri DiNovo
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well, and in opposition they might say we can do better. I think we probably fall somewhere in between, but by comparison to most jurisdictions in today's economy, we're in pretty good shape. We can talk more about that as the day goes on.

When it comes to tomorrow's economy—and I often say the economy of two minutes from now because it's not really tomorrow anymore and it's not next generation—that's the disruption that's going on over the next number of months and years. It used to be something we thought was 20 years, 10 years away. It's happening now in so many different sectors. We can talk more about how we're preparing ourselves for that and how our economic development strategy has to continually evolve to meet those challenges.

Fortunately, in part because of some of the stuff we as a province—not just we as a government but we as a province—have done over the last 10 years or so, we've prepared ourselves well to take on some of those challenges, but we are continually in an effort to up our game in every single way. That's where the team that the deputy leads and the team you'll see and meet over the course of time here at committee is so important. We work as a team. We buy into this need of constant thirst for being better. That's why in every single one of the divisions that I'll outline to you today, we're satisfied with how far we've come, but we are constantly trying to up our game.

I give these folks credit because—I don't think I'm the hardest minister to work with, but I'm pretty demanding in that I'm constantly looking for us to take initiatives and move the ball forward. I'm not looking for us to do that with going to the budget chief for more money because we know that we're fiscally challenged. As a ministry, we've tried to make significant progress, and sometimes groundbreaking progress on files, having to be creative. I'll use the accessibility file as an example of that if we get into discussions of being very creative with the resources we have; frankly, moving us to a different level as we get into the second phase of a 20-year phase-in program for the AODA and other initiatives and moving beyond that.

I'm going to just start off by going through—I don't know if this is tradition, but it's certainly the notes in front of me and I probably should respect them a little bit and just go through the divisions. It's not the most exciting thing to go through, and frankly, I pity that you have to listen through it. But even as I read through it, it does give you an idea as to the breadth of some of the stuff that the deputy and I and the folks behind me have to work on.

We'll begin with the policy and strategy division. That's led by assistant deputy minister Victor Severino, whom many of you would have met in the past. They provide advice on the government's strategic policy and its approach to attracting and retaining business investment, facilitating trade both on a domestic and international scale, encouraging job creation and supporting innovation, and providing the research capacity and sup-

porting ministry programs and policies. They lead policy work on cluster development which, as you know, is a priority for this government and a priority, I think, for most jurisdictions.

The policy and strategy division carries out these responsibilities with three separate branches. The first is the trade policy branch, which oversees Ontario's international and domestic trade commitments. This branch performs five basic functions. First is working with the federal government, with other provincial and territorial governments and with industry to negotiate trade and investment agreements which remove barriers to business development and improve market access. They advise on the implications of trade and investment agreements in relation to government programs and measures. As you can imagine, they have been very active in recent years with CETA and the TPP and the agreement on internal trade. All of these have put a lot of—I wouldn't so much say pressure as much as I'd say workload on this particular unit. They track trade and investment-related issues to avoid disruptions and disputes and they manage Ontario's defence in international trade disputes that involve provincial measures. They play a federal, provincial and international relations role on both trade and broader economic development concerns as well.

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The second branch within the policy and strategy division is the strategic policy branch. It's responsible for developing economic and innovation-focused frameworks and strategies, as well as providing advice on strategic economic and innovation policy options.

To fulfill its responsibilities, this branch is divided into a further three units.

The policy unit undertakes policy research and provides medium- to long-term policy analysis and development to support the government's economic development, employment and investment-related priorities and objectives. The unit provides policy support to other parts of the ministry as needed. Most recently, this includes working with the Accessibility Directorate of Ontario to develop the government's 10-year accessibility action plan and designing a pilot program to support employers in hiring people with disabilities.

I want to just stop there for a second, because this is an example of a unit that's had to really punch above their weight in terms of their resources. I've kind of challenged them and us to go beyond the act. I think that regulations are great and important if they are implemented properly, but what we need to be driving as a government is a culture shift in accessibility if we're going to reach our goal by 2025 of being accessible, something that's important for us to do for the sake of people with disabilities.

I was just with Rick Hansen yesterday at an incredible event. He was giving one of his inspiring motivational speeches to Colleges Ontario. He was expressing how far we've come as a province, and he's working closely with us on where we go from here.

It's really the "where we go from here" that's more important. We've come far, yes. We're seen as a leader

globally in accessibility, which is a good place to be and I think we're all supportive of that; all parties have been. If we're going to reach our goal by 2025, though, it's going to require a cultural shift; it's going to require an embracing by business of these types of measures. That's not going to happen just through regulation; that's going to happen through coming forward with interesting, creative, sometimes new initiatives, sometimes made-in-Ontario initiatives, to drive that cultural shift.

In June, we announced an action plan for the next 10 years, which isn't everything that we're going to do over the next 10 years; we'll need to do more. It was more of a kick-start to something that I think had been—I wouldn't say it was fading in terms of commitment, but, you know, 10 years ago there was a lot of euphoria around accessibility and the movements we were making. In the last few years, it had lost a little bit of momentum. We kind of kick-started that with some new initiatives that we're planning on taking, including something that Rick Hansen has helped us with and that we're moving forward with very soon. That's a LEED-like program—you know, LEED, the greening of buildings—that sort of rates businesses and organizations on how accessible they are.

I wasn't planning on talking that much about accessibility, but I think Rick Hansen's speech yesterday certainly inspired me. It's just an example of a ministry that is having to find creative ways, partnerships and things like that, to carry out and go beyond, frankly, their mandate.

The unit also supports the business climate and innovation deputy and assistant deputy ministers' committee, which, as you can imagine, is a fair amount of work.

The third branch is the strategic policy coordination branch that leads the development of broad-based economic development and innovation frameworks and strategies, such as Ontario's plan for jobs and growth. Within this branch, the cabinet liaison and policy support unit develops the ministry's responses to policy proposals in support of the minister's cabinet policy committee. It also prepares and supports the preparation of our policy submissions as we move forward.

The second ministry division I would like to discuss today is the investment and industry division, led by assistant deputy minister Tony LaMantia. This division's core responsibility is to attract investment to the province. Tony is with us today, and I think all of you probably would know Tony. He very much is the face of our government in our efforts to recruit investment to the province. He's a very experienced ADM who is, frankly, a star in government circles in this area. We're fortunate to have him.

This division does this by:

- proactively targeting opportunities and ensuring early engagement with companies;

- strategically generating and qualifying potential leads and working within market representation and partners abroad;

- proactively pursuing key investment opportunities; these often involve developing business cases and pro-

viding site selection services. We've upgraded our capability to do that, and we can talk about that a little bit later on;

- managing client relationships and providing account management for a project's entire life cycle; this includes lead generation, project inception, site selection, introductions to communities, stakeholders, deal closing, after care; and, finally,

- promoting Ontario on the international stage; this largely involves participating in sector-focused global conferences and industry shows.

I think what you'll find with this division is that while we've done well and we have a very long series of investments that I probably won't have time to talk to you about, we've been able to achieve in many different areas. We're a leader; we're either first, second or third in almost every sector in North America now in terms of both growth and size, which is a good place to be. The division has a great track record, but Mr. LaMantia and that division never stop looking for better ways to do things. They're trying to make it easier for businesses to make investments here in Ontario and competing, frankly, with jurisdictions who have upped their game. You'll find that Mr. LaMantia and his folks are constantly looking to improve. Certainly in this committee we're open to suggestions on how we can do even more to up our game in terms of that because that's an important part of what we do.

There are three branches in this ministry: the advanced manufacturing branch, the infotech life sciences and services branch and the business advisory services branch.

The third division is the research, commercialization and entrepreneurship division. That's led by assistant deputy minister Bill Mantel, who's probably suffering from the same jet lag I've had this week because he was with us for a good part of the last 19 days when I've been on the road. He was with us for the last 12 days in China.

The primary purpose of this division is to support productivity and innovation in Ontario's research, business and entrepreneurship ecosystems, as well as building sustainable economic and social prosperity. It's an exciting division, especially in today's changing economy, and, frankly, very much becoming Ontario's sweet spot, as we're now number two in North America for information and communication technology with 19,000 companies—some very large, some start-ups that are disruptive in nature that are going to be growing into bigger companies. So this is an area that I find incredibly exciting as a minister and something we'll be happy to talk more about.

There are three branches within that section. The first is the research branch. It's important because no jurisdiction has quite nailed down where the economy is going. We're among the top in terms of recognizing the importance of building that knowledge economy to improve not only Ontario's way of life but to help create a really high-skilled workforce, which is probably our single greatest competitive asset.

There's also the entrepreneurship branch, and this branch is focused on three strategic priorities that are

working to ensure future prosperity, including encouraging youth to become job creators rather than job seekers. It's important not only to encourage them to start businesses but also to get young people thinking entrepreneurially, because that's what companies are looking for too now—innovative thinkers—because companies have to be innovative. The talent we're producing has to be always thinking that way. I actually find that I'm very inspired by our opportunities to try to bring in programs that encourage young people to start their own businesses at young ages, all the way up through post-secondary.

Collating the delivery of the youth jobs strategy is another important aspect of this division. What it's helping to do is create that army of entrepreneurs that is so important to our next-generation economy. Also, it's helping entrepreneurs succeed by providing them with access to tools, services and supports in their communities that they need to grow their businesses through the small business enterprise centres that many of you will be familiar with in your own ridings.

The commercialization branch is the third and final branch of this section. It's responsible for leading the development and implementation of strategies and programs to ensure robust business and research services are available to innovative companies, entrepreneurs and researchers across Ontario.

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This is an area where we've seen some significant growth. It dried up during the global recession very much, but we were there for it as a province to nurture it and seed it. We've seen some great success that I'll be happy to talk to the committee about at a later time, as we go through some of our discussions. We have some really good success stories that emerged out of some of our early venture capital initiatives that are now billion-dollar companies. There are two or three that are just absolutely fantastic examples of this.

The fourth division is the Open for Business division. This is something that I get inspired by. I was the Minister of Labour 10 years ago, under the McGuinty regime, when we originally started this, and I was given responsibility for it. I think I spoke up in cabinet one day about the importance of doing this, and all of a sudden I found, as Minister of Labour, I had this new responsibility.

It has worked really well thus far. We've reduced 80,000 regulatory burdens. We've put in a place a series of different initiatives, including round tables, that have been very successful in bringing industry to the table and finding out what really bugs them about what government does and how we can streamline our processes and reduce regulations where we can; reform them to make them easier for businesses to comply with, while ensuring that we continue to respect the public interest. All of that's important. We've come a long way, but it's such an increasingly competitive environment out there globally. We're convinced there is still a lot of work we can do here. This is an area that is led by John Marshall, assistant deputy minister, who feels exactly the same way. We're now in the process of revamping a lot of what we've done.

It's kind of cool, as a minister, to see the fruits of your labour initially, to see it successful overall, but to recognize as well that that's the way we started trying to do it five or 10 years ago and now we've got to take it to a new level. That's what John Marshall and his team are very inspired and happy to be doing.

We feel that we can be leaders globally when it comes to opening up Ontario, making Ontario the easiest place in the world to do business. That's really what I say is the role of that ministry: to work with all of government to ensure we're a place that businesses look to as an easy place to make investments and to carry out their businesses.

There are still too many regulations. The regulatory burden on businesses is still too heavy. Some of it has been fixed in terms of the province, but there are some great opportunities for us to reduce the regulatory burden between governments in particular, whether it's provincial-municipal governments—and we have some initiatives going with the city of Toronto that will extrapolate across the province, which I'm happy to talk to you about later on—and on the national scene, where we're not only part of the agreement on internal trade, but I had the privilege of chairing that nationally. Even under the previous government, despite our different political parties, we were making fantastic progress, working very well with the federal minister on that. I talked to the new federal minister in the last week or so. We're enthusiastic about carrying on the work that has been done, in a very non-partisan way. To me, that's a scenario where we can make some fantastic progress, harmonizing regulations and standards across the country. So this division is really up to their eyeballs right now in trying to find ways to take these initiatives to a new level.

I've talked about the fifth division, and that's the accessibility directorate division. That's led by assistant deputy minister Ann Hoy, who, as I said, probably had no idea that her division would have so many additional initiatives to deal with beyond their current mandate—not that I have to push Ann; she's very enthusiastic about it. They're doing a fantastic job working with us. I think they know how passionate I am and we as a government are about making progress in this area.

There are two branches within that division. There's the outreach and strategic initiatives branch. That consists of two units, and one is the public education and partnerships unit, which is really important. I still think people aren't aware of some of the things that we're trying to do as a government. I think there's a growing awareness of the business case, but we still have a lot of work to do to get that business case out there in front of businesses. That's part of public education. This is so important in terms of being able to change the attitudes, and that's really where we're going to make our progress.

They develop outreach and education and partnership strategies. They develop education tools and resources. They have a number. You'd be surprised at how much is out there now for businesses—easy to access and easy to understand, which is important.

I'm not sure how my time is here, but I'll just keep going until somebody—

Mr. Monte McNaughton: One minute.

Hon. Brad Duguid: I've got one minute?

The Chair (Ms. Cheri DiNovo): No, you've got about seven minutes.

Hon. Brad Duguid: I think Mr. McNaughton would like me to wrap up in a minute.

They're also engaged in compliance. That's an area where I'd like us to have some discussion over the course of time, because we still aren't up to the compliance level that we'd like in terms of business compliance, and we have options for getting there.

We've taken a different approach to compliance than we have in the past. We've tried to be more creative, using some of the techniques they've used in labour, where it's not just across the board, because there are so many businesses out there that we'd never be able to visit every business. But we're trying to be more creative, doing blitzes that sort of make businesses aware of their responsibilities.

Then where a business is non-compliant and deliberately non-compliant, that's where we have to get a little tougher on the compliance side. That's an area there's always debate on, but I'm of the view you need to use that compliance tool effectively, not just as a hammer, but as a tool of education. So we're trying to be more creative in the use of our resources there, using the hotline that's in place now to help better monitor some of the feedback we get from people with disabilities as to where the barriers are. We can have some discussion about that. I think there are perceptions that the province's opportunities and responsibilities here might be larger than they actually are, but we can certainly talk more about that as time in estimates continues.

The second branch is the standards, policy and compliance branch. I talked a little bit about our efforts to sort of reform our compliance efforts. There's no question we've seen a significant increase in compliance, but it's still not even close to where we would be satisfied. That's where the education comes in.

The Chair (Ms. Cheri DiNovo): Minister, you now have five minutes.

Hon. Brad Duguid: Five minutes? Okay, good.

That's where the opportunities for more effective compliance measures come in. More importantly, that's where getting the business buy-in to the business case is going to be so important. This isn't something we should have to come into, to gain greater compliance, with a policing technique, because I think businesses will just find ways around that. It has got to be about the business case, and the business case is solid. It's there. Similar to the greening of buildings, it just makes sense for businesses to open their doors to people with disabilities, and the cost of doing so is not even close to what the perception of that cost is.

As we move through, that particular branch is divided into three units. There's the standards development unit, and there's the accessibility policy unit, which is driven

by five key priorities. They include analyzing and developing medium- to long-term policy to support an accessible Ontario; researching, analyzing and conducting stakeholder consultations; acting as a liaison to other ministries to ensure accessibility is built into government initiatives; leading the legislative five-year review of accessibility standards; and co-leading the development of cabinet submissions and regulations with the help of the standards development unit. So it's a great deal of work on this. Then there's the compliance assurance unit, which I've talked about in the past.

The sixth division is the realty division. That's led by a very experienced ADM, Bruce Singbush. It's made up of two branches: the realty management branch and the realty policy branch. I'll be happy to talk to you more about that as time goes on—lots going on there and lots of opportunities there. The realty branch very much is responsible for making sure that, when we talk about getting revenues out of our assets—that's one of the branches that's under pressure from Treasury Board to continue to ensure that we're getting best value from our real estate assets. They've taken initiatives to try to get as much of the properties that we don't need—that are surplus—up and out the door and able to contribute to our deficit reduction and contribute to enhancing our investments in infrastructure.

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The infrastructure policy branch is the seventh branch. That's led by assistant deputy minister Karen Maxwell. Often, I say to people who come to me with individual infrastructure projects, "That's really not"—it sounds like that's what they do but, for the most part, those are led by the line ministries. But they're involved in a lot of really important things. Federal-provincial programs: You've seen us, in many ways, have a lot of influence over that in the last number of years. Provincial-municipal programs: very important to our respective municipalities. We've made some groundbreaking reforms listening to the voices of our municipalities and how we deliver those programs. I'd love to talk to you more about that.

I think we have a more rational approach than we've ever had, than any government that I've seen in the country has, in terms of how we allocate funding for those municipal projects. It's very unfettered, which is something that should give all of us some comfort, and we've driven municipalities to have asset management plans that are—over 90% of them now have asset management plans, and growing. Now we're going to standardize them to ensure that the dollars we're investing in those projects are going to the core needs of municipalities, that municipalities are doing what they need to do to identify what their projects should be. So that's a division that's in constant change as things evolve, and very under pressure to continue to provide good service.

The final division—thank God it's the final division, because I'm probably down to my last minute here and I wouldn't want to leave them out—is the corporate services division. It's led by assistant deputy minister Rob Burns. Its primary responsibility is to lead and co-

ordinate the ministry's corporate administrative support services. So that's human resources, facility services, information technology, systems business planning, finance and coordinating the ministry's key support funding programs.

I'm going to stop there, in terms of the overall analysis. I wanted to get that on the record so that it gives you an idea as to the breadth of the ministry and some of the things that you might want to talk about and, on the opposition's side, maybe push and prod and—

The Chair (Ms. Cheri DiNovo): Thank you, Minister. Your time is up.

Hon. Brad Duguid: My time is up. Thank you for bearing with me.

The Chair (Ms. Cheri DiNovo): We now move to the official opposition. Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much, Chair, and thank you, Minister Duguid. I will start by saying you're always a pleasure to work with and your ministry team has been very good over the years. This is my second time as critic for this portfolio so I refer to it as, you know, fifth-year students who go back to high school—it's a victory lap for me, I guess.

On a personal note, like you, I love this portfolio. I'm a small business owner in the province. We have 65 employees. The issues that your ministry deals with are something that I've experienced first-hand, running my own small business in the province.

I wondered if we could just start with some economic trends and some issues that are being raised in the province, just to get your feedback and comments, and, in particular, about Ontario becoming uncompetitive. Is there a fear—whether it's the 54% income tax bracket that's coming with the federal hike, which is going to make Ontario the second-highest-taxed jurisdiction—over \$200,000 per year—and of course this affects entrepreneurs in the province.

Secondly, I continue to hear from businesses about the ORPP, the fears that that's going to impact job creation in Ontario. Lastly, cap and trade: I continue to hear from stakeholders that there are major concerns around cap and trade. If I could just get your comments on the income tax hike, cap and trade, and ORPP.

Hon. Brad Duguid: Well, I think those are all good questions and as we're going through that policy development, in particular the ORPP and the cap and trade, as a government we need to ensure that as we implement what are very complex policies, we do it in a way that we're always looking through the lens of protecting our competitiveness. That's not easy to do, but it's something we're determined to do.

We've worked very, very closely with the business community on both of those policies. I frankly want to commend the business community for the outreach that they've engaged in. They could have taken a less supportive approach, a more obstructive approach to these policies; there's no question. Initially there was some concern going into these policies as to how they would impact the economy if they weren't implemented in an

effective way. We've managed to allay a lot of those concerns by ensuring that we're implementing these policies on a relatively fast timetable, but doing it in a way that we're systematically looking at unintended consequences that may occur.

We've been very close to the business community with regard to the implementation of the ORPP, and we continue to be. There's not unanimity in the business community. For the most part, there's a recognition that we do need to do something. Whether that's on the national scale or whether it's on the provincial scale, there is a recognition that retirement benefits are not where they need to be.

On the cap-and-trade initiative, it's much the same. There's a real recognition—and it's global now, and as I travel around I see it—that government and businesses need to work together to address climate change, and cap and trade provides businesses with the flexibility that they ask for to enable them to come up with the solutions they need to under an effective cap-and-trade system. Our work will ultimately be judged by the final results, but I can tell you that there's been an incredible effort made to reach out to the business community and involve them in the policy development along the way, which has been really, really important.

With regard to the income tax bracket issue, it's an interesting one. It's important, I think, whenever you're dealing with taxation, whether it's of wealth, whether it's corporate taxes—it always sounds like something that's easy to do, but you've got to always make sure you do the math and maintain competitiveness and maintain your eye on competitiveness.

I know our finance minister, when he does our budgets and in the coming fall economic statement, will always have his mind on making sure that we're a good environment for investment, and right now we are. Right now we have the lowest effective corporate tax rate, by and large, in North America. It's a good place to be, a good place to invest. We can talk about that more—lots of assets here, lots of reasons for people to invest, which is why we are leading North America in attracting foreign direct investment for the last couple of years. It's a good place to be, but we can't take it for granted because there's no question that there's a lot of competition globally.

Mr. Monte McNaughton: Well, for entrepreneurs, the concern I have with this income tax hike is that it makes Ontario the second-highest in Canada. New Brunswick is going to be 58%; we're going to be at 54%. I think that sends the wrong signal to people running companies in the province: innovators, entrepreneurs, especially in the high-tech sector. I think that has to be a concern for your ministry.

Hon. Brad Duguid: I often, in my role at the cabinet table and often in discussions with finance as we go into budgets—you have to always keep your eye on competitiveness. The issue you've raised is one that there's a limit in terms of how high you would want to go with those taxes. Even though they may be popular to the

public, you need to make sure that as you implement them, you don't cross the line of competitiveness. Finance would have to be always doing the analysis as to where that line is. I would suggest that the federal government has made commitments, and we expect they'll fulfill those commitments. I would be cautious to go much beyond where they've gone.

We're still very competitive. We're still attracting investment. I think we're still going to be in a good place, but I think that if your advice is to be cautious about going any further on that particular type of taxation—popular as it may be—I think we would want to make sure we would do a great deal of analysis before we would ever contemplate that. That would be my advice to finance. It wouldn't be my decision, as Minister of Economic Development, but my role would be to make sure, whatever we do in the future in terms of taxing wealth, income or corporations, that we remain—there's nothing wrong with leading the way in terms of competitiveness. That's what draws the investment that creates jobs.

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Mr. Monte McNaughton: Great. Talking about competitiveness, Ed Clark delivered a speech on November 12 to the Toronto Region Board of Trade and the highlight, I think, of the speech was focusing on the red tape and regulations in Ontario. His quote from his speech says, "Ontario has 380,000 regulatory requirements for business, almost double the number in some provinces. While the number is staggering, the structure and complexity of compliance is even more problematic. It makes us less competitive. We are seen by foreigners—and even ourselves—as a slow place to do business."

Why do we have double the number of regulations than other provinces?

Hon. Brad Duguid: Well, we've eliminated 80,000 regulatory burdens in the last, I think, six years or so. So we've come a long way. To think that we still have that level of regulatory burden, tells me, as I said in my opening remarks, that this is an area that we can take to a new level.

We're leaders in terms of coming up with new ways to reduce the regulatory burden and work with businesses. If you look at the CFIB, they rate us among the top provinces now. We weren't always that way. In fact, we were rated very low, initially. We now work very closely with them and our business community in reducing regulatory burden.

We're in the process now of saying, "Okay, we've done well in terms of reducing regulatory burden, but there's still far too much of it out there and that reduces our competitiveness." A lot of it is regulatory burden between governments now, but there's still stuff we can do within, so we're always open to suggestions of ways we could be better.

Mr. Monte McNaughton: I guess my question is: Why does it take 12 years? Even in government, for 12 years—is it just something that has now been brought to your attention that we have too many regulations? Business owners and job creators have been saying this for 20

years. Why has it taken so long? Is this just the way government works? It's that slow?

Hon. Brad Duguid: If you compare our record with reducing regulatory burden across the country, or across North America, even around the world, we're among the leaders. Certainly, across the country, even the CFIB would rate us among the top now. So we're among the leaders when it comes to reducing regulatory burden. But this isn't a one-time, one-initiative thing; it's ongoing. It will always be ongoing. We've always got to look for better ways to do business.

One of the things, for instance, is just having one-window opportunity for businesses. I know your time is running out—well it looks like it is, just by the way you're nodding your head; no, it's not?—but it's something that we're going to continue to do. We've done well, we've been leaders. We are looking now, and I expect in the next four to six months, you're going to see this province take it to an even higher level.

I look at it this way, Mr. McNaughton: If you're in tough fiscal circumstances, there's not a lot of new money available to bring forward new initiatives. We're doing well in attracting business, but when you can reduce unnecessary regulatory burden for your businesses, it puts more money into the economy, it creates jobs without spending a cent of taxpayers' money just by doing things better.

So if your question is, do we think there's still a lot of work to do ahead? The answer would be, yes, there is. But I think there's no way that anyone could suggest that this province hasn't been a leader in reducing regulatory burden. We have. We've been passionate about it.

It really goes to show where we started 10 years ago—and it's not to blame anybody. I think it's just the way government has evolved over the last 100 years, that we just would pass regulation upon regulation, and we really weren't paying a lot of attention to the unacceptable day-to-day burden that was placed on our businesses, in particular on our small businesses that don't have the staffing that's sometimes capable of addressing that burden.

Mr. Monte McNaughton: I was nodding my head because my next question was getting into Don Drummond's recommendation, I believe back in 2012, regarding the one-window approach. His report said that the Ontario government spends about \$1.3 billion in direct support for business and \$2.3 billion more in indirect tax support.

I wondered if you could give the committee an update on the progress that you've made since that recommendation, which seems so long ago now, but I believe it was in 2012. Have you reduced the number of supports? Have you streamlined into this one-window approach? Where are we at?

Hon. Brad Duguid: A lot of what I believe Mr. Drummond was talking about there was the tax credits for small business and his request that we review the effectiveness of that tax credit system. That doesn't apply directly to my ministry. That's a finance ministry respon-

sibility. But I can assure you that where my ministry would come in would be recommending to the finance ministry that they continue to do work in this area.

What we've done is reduce the tax burden for small businesses by reducing corporate taxes. I think it's down to about 4.5% now, the small business deduction. From a taxing perspective, finance has worked hard to reduce the burden, but I can tell you that finance and the finance minister are actively looking at ways to ensure that the small business tax credit is actually getting the value that it ought to be getting. Are we using that opportunity to provide growth for small businesses to the right small businesses, where there are growth potential and opportunities to scale? It's a very interesting, challenging, complex debate that I can tell you we're certainly open to your ideas on.

That's really what Don Drummond was getting at. Right now, it's an across-the-board tax credit that applies to all small businesses, whether they're growth small businesses or whether they're not, whether it helps those small businesses really, whether they need it or whether they don't. So targeting that tax credit in a better way is something we'd be open to your suggestions on. It's probably not an easy discussion, but one that we're open to.

Mr. Monte McNaughton: Okay. In 2014, your government announced it would spend \$2.5 billion over 10 years in the Jobs and Prosperity Fund. That averages out to about \$250 million a year. Minister, how much has your government spent from the Jobs and Prosperity Fund at this point?

Hon. Brad Duguid: I'd be happy to share those numbers with you and give you an updated number on that. The deputy may have that at his fingertips right now; I'm happy to do that. I've said a number of times, both publicly and probably at committee and in the Legislature and other places: The \$2.5 billion over 10 years was a consolidation of funds as per the Don Drummond report. So it wasn't \$2.5 billion of entirely new money. Roughly—and I can get you exact figures—about \$1 billion of that were dollars that were reconsolidated under the Jobs and Prosperity Fund so that we could create that one-window fund, which left about a billion and a half of new dollars or so over that 10-year period of new dollars rolling out.

I can tell you that the pipeline—and this has been great news, because I served in this post when the fund was originally created, or just before the fund was created—for companies that are interested in expanding into Toronto and seeking business supports has grown substantially since I was originally in this post, which is an indication of good economic prospects. There's no shortage of opportunities. We're constantly going to Treasury Board with potential mandates. I can certainly share with you, if you like, what we've invested in specifically. I can even give you a list of the projects we've invested in, if you like. There are some really exciting projects.

Mr. Monte McNaughton: Sure. That'd be great.

Last year, your government estimated it would spend roughly \$162 million on the Jobs and Prosperity Fund. However, just for your knowledge, since you didn't know off the top of your head, in public accounts it shows that you spent \$67 million. I'm just curious about what happened to the difference, which would be about \$95 million.

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Hon. Brad Duguid: You can't, on a year-to-year basis, with any level of expertise, be able to determine exactly what your year-to-year allocation is going to be. It doesn't work out as an exact amount every year because you've got the legacy costs of previous agreements that we've had, some of which are front-end loaded, some of which are back-end loaded, some of which don't flow until the corporation, the business partner creates the jobs they have to create or makes the investments they have to.

The flow of those funds is far from an even flow, and from year to year, some of the flow of those funds—some of it might flow earlier, some of it might flow later. By way of example, the Cisco investment, a \$4-billion to \$5-billion investment that they're going to be making in this province over the next 10 years, is a long-term play. They're creating a centre of excellence for innovation, one of a few that they have globally. It's probably 4,000 to 5,000 potential jobs, ultimately, which is one of the best investments I think we've made. But those dollars really don't flow until they reach milestones. Meeting with them recently, it's still all systems go. They're moving ahead. The investment is in good shape. We may even be moving faster than we initially thought. But if they decide to go quicker, we'd be happy to do that, and then dollars would flow faster.

It's really not something that we would have a great deal of control over, for the most part, in terms of how the dollars flow, other than approving the arrangements over time on the initial partnerships.

Mr. Monte McNaughton: Where are you at this year, then? Last year, you said you were going to spend \$162 million on this fund; you only spent \$67 million. This year, I believe you're saying you're going to spend \$183 million on this fund. Where are you at this year?

Hon. Brad Duguid: What we have is an allocation. Treasury Board will give us the maximum allocation that we would have to be able to allocate that spending. It doesn't mean that we're necessarily going to spend that amount, but we could.

Mr. Monte McNaughton: But where are you at? You budgeted; you said you're going to spend \$183 million. Where are you at with that, with this fund?

Hon. Brad Duguid: Where am I at, as of today, for 2015?

Mr. Monte McNaughton: Approximately, yes.

Hon. Brad Duguid: I might be able to get that figure for you, but it's a moving figure. As I said, all it takes is one company to either slow down their implementation for one reason or another by a month or two—

Mr. Monte McNaughton: I get that. I'm just curious, out of the \$183 million, if your deputy knows—

Hon. Brad Duguid: I'm not sure how helpful that number would be for you, but the deputy may have that number by now.

Mr. Monte McNaughton: Are you going to spend it all? Will you come in under budget?

Mr. Giles Gherson: I think, as the minister said, the pipeline is very full. It's hard, as he said, to coordinate precisely the flow of spending. If you look at last year, the Jobs and Prosperity Fund was only really announced at the tail end of the last fiscal year, and so that was one of the reasons why, obviously, there were no projects that moved out of it beyond the ones that were already spoken for in the pipeline that the minister referenced.

In terms of this fiscal year, where we've had the first full year of the Jobs and Prosperity Fund, we will spend every dollar that's in it, just by virtue of the flow of projects that are in the pipeline.

Mr. Monte McNaughton: Okay. Great. Thank you.

Hon. Brad Duguid: I would add to that and encourage you to ask penetrating questions on our due diligence in these partnerships, because I think they're valid questions, and how we are prioritizing these projects. Because the pipeline is so large, the allocation of \$2.5 billion over 10 years—frankly, we could probably allocate more than that to the projects that are coming in, so we're in a position where we have to prioritize. We've upped our game, I guess you could call it, to really pinpoint those investments that we bring to Treasury Board to a point where we actually have a scorecard on some of these investments.

Mr. Monte McNaughton: It's my understanding that with the Jobs and Prosperity Fund, there are three streams. There's the new economy, strategic partnerships, and—is it food and beverage, the last one?

Hon. Brad Duguid: Yes.

Mr. Monte McNaughton: Is there a formula? How is the funding split between those three? Is there a percentage for one, a percentage for the other?

Hon. Brad Duguid: Yes. The deputy may not be able to off the top of his head—but he'll be able to dig out the page that allocates the amounts that are budgeted for each of those areas.

Mr. Monte McNaughton: If you could provide us with how much money has been spent for each stream since the Jobs and Prosperity Fund started, that would be helpful as well.

Hon. Brad Duguid: I think we can. Some of the streams, in particular the strategic partnerships, are very new. They have just recently been approved and implemented, so it's—

Mr. Monte McNaughton: Do you have a goal for how many jobs this Jobs and Prosperity Fund will create?

Hon. Brad Duguid: I think we did have a goal initially of what we thought the two and a half billion dollars would create, but I'd have to go back and check to see what that number was. It's been a while since I've looked at that. It may have been a political commitment,

too, that we made when we announced the fund or made the commitment to do the fund.

Deputy, are you familiar with a particular job goal?

Mr. Giles Gherson: No. Obviously there was a goal to maximize job creation; there's no question about that. But I think when it was announced, one of the objectives was to use the Jobs and Prosperity Fund as a way to create anchor investments in innovation that would themselves serve as magnets for job creation. We were really in many ways, unlike previous funds, more interested in the indirect potential for job growth as opposed to the direct, recognizing that in the world of technology advancement, capital expenditure is pretty important. So we were trying to influence the attraction of significant capital investment in innovative technology that would bring new technology and new skill sets to the province.

Mr. Monte McNaughton: Are these grants only, the Jobs and Prosperity Fund, or repayable loans?

Hon. Brad Duguid: No. We have the flexibility to go either way.

Mr. Monte McNaughton: Everything that's been awarded so far: Have they been grants or has there been a combination of both?

The Chair (Ms. Cheri DiNovo): Mr. McNaughton, you have about five minutes left.

Hon. Brad Duguid: I'd have to go back and check to see what our legacy loans are, but we can let you know. We've done—

Mr. Monte McNaughton: Oh, I'm sure the deputy would know if you've been doing a combination or if they've been all grants so far.

Hon. Brad Duguid: We contemplate and we do do loans as well—

Mr. Monte McNaughton: So you have done some loans as well as—

Hon. Brad Duguid: —but I'd have to go back to determine whether, under the Jobs and Prosperity Fund, we've done the loans. We have some that are in the pipeline as well that would be mandates to do loans, that are in negotiation, so—

Mr. Monte McNaughton: Would it be fair that everything that's been awarded has been grants?

Hon. Brad Duguid: I wouldn't be able to say for sure, but I can check for you—unless you remember offhand, Deputy?

Mr. Giles Gherson: No, the answer is as you remembered. The answer in terms of what's announced so far is all grants. There are in the pipeline, though, some potential loan contributions.

Hon. Brad Duguid: Especially in this time of fairly low interest rates, some companies are in positions where the loans are helpful. For others, a loan is simply not helpful at all. An example would be Toyota or Honda, for the most part. The federal government offered to work with Honda in particular—the \$857-million Honda investment—but Honda didn't even want a loan because they've got access to capital. The only program they could take advantage of was our grant program. Thankfully, they made the investment with about an \$87-

million-or-so support from the province, but they couldn't access the federal program because at the time, the federal program was loan only.

Sometimes, it can be helpful. For the most part, when it comes to incentives globally, the loans aren't generally as helpful. But where they work, we use them.

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Mr. Monte McNaughton: Can you give a quick, one-minute recap on how grants or loans are approved through the Jobs and Prosperity Fund?

Hon. Brad Duguid: Sure. We've just recently worked with Treasury Board to provide a more stringent approval process—I don't know that "stringent" is the right word, but a more robust approval process, so that we can compare better the investments we are making, that outlines everything from rate of return to the risks involved, but it revolves around three key principles: productivity improvement, innovation and export capability. Those are our priorities and we actually rank projects based on—

Mr. Monte McNaughton: Do they have to create so many jobs, or that's not a requirement?

Hon. Brad Duguid: Not necessarily, because there are some initiatives—if we're investing in the Sarnia-Lambton area, for instance, in the chemistry industry, we could make a partnership investment there that would be a significant investment on our part for what might be 100 or 150 jobs, but then bring in a multi-billion dollar capital investment from that corporation that's an anchor tenant to that entire economy. As the deputy said, as the economy has changed and as we've got to look for anchor tenants in the economy, some investments are about retooling to maintain competitiveness.

So, yes, the job factor is part of the rate-of-return consideration, but we've got to be sure not to overestimate the number of jobs because it's not a game show where every time you run out an investment—even though it plays well to the headlines and you want to say, "Well, we've created 1,000 jobs or 200 jobs through this investment," sometimes you can create only a handful of jobs, but the investment has a huge impact, a ripple effect on the economy.

Mr. Monte McNaughton: I guess my concern is protecting the taxpayers and what happens if a company doesn't hold up their end of the bargain. Is there a way of recouping some of this money, or do they pay this out in stages, the ministry?

Hon. Brad Duguid: We're very stringent. There are milestones that have to be reached in these agreements. Often there are footprint commitments that a business will have to retain a certain amount of jobs onsite in order to be eligible for the funds. There are clawback provisions where a business that doesn't comply with their obligations to us under the agreement can at times pay us back. But because we often roll out the funds in increments as they reach the milestones, we haven't had too many occasions where that's been the case. We've had a couple—

The Chair (Ms. Cheri DiNovo): I'm afraid, Mr. McNaughton and Minister, the time is up—

Hon. Brad Duguid: We've had a few.

The Chair (Ms. Cheri DiNovo):—for the official opposition.

We now move to the third party. Mr. Natyshak.

Mr. Taras Natyshak: Thank you, Minister, for being here, and to your assistant minister for being here this morning. Very nice to see you. Welcome back home.

Hon. Brad Duguid: Thank you.

Mr. Taras Natyshak: So following on the same line of questioning, I've got the Jobs and Prosperity Fund as my first order of business. I guess just on that train of thought, as you have it as your last commentary, would Cisco and OpenText be two of those companies that have accessed funds through the Jobs and Prosperity Fund that did not have job thresholds attached to the contract with them?

Hon. Brad Duguid: I've got to be cautious about getting into individual specifics about agreements because I'm not permitted to do that in too much depth. What I can say is, to the best of my knowledge, both of those agreements would have had job provisions attached to them.

Mr. Taras Natyshak: Have both of those agreements—okay, in a broad sense, without having to divulge too much, have they met the benchmarks or the thresholds you've mentioned within the Jobs and Prosperity Fund or have you had to hold back since they signed on?

Hon. Brad Duguid: Both of those companies, I believe, we've invested in earlier, and then we have had new investments of late under the Jobs and Prosperity Fund. So I'd have to be sure whether you're referring to the original agreements that we had with those companies—because with Cisco, the \$4-billion to \$5-billion investment, that's the second investment that they've made in partnership with the province.

Mr. Taras Natyshak: So do you know what the division is there of the first part of the previous agreement and how much the value is on the Jobs and Prosperity Fund side?

Hon. Brad Duguid: I'd have to check. I think the first agreement was probably, by and large, complete, but I'd have to get the deputy to check into that. The second agreement: I would expect that not a great deal of that has flowed yet. They're still in the process of organizing or coordinating their research centre.

Mr. Taras Natyshak: So, of course, we would point to those two companies as being, I guess, your anchor companies under the prosperity fund. That's what you're looking for: substantial capital investment on both sides, especially on the Cisco side.

Hon. Brad Duguid: I would say they're really good investments that we made in the ICT sector, but there are a lot of investments that we've made that I would say are equally as good. Certainly, in the ICT sector they would be two of the more important ones we've made, for sure.

Mr. Taras Natyshak: The reason for concern, and the reason we highlight these two companies, is because, in 2011, the government announced the \$220-million partnership to create 1,700 jobs. So you'd benchmarked

1,700 jobs, and then eight months later the company announced that it would be laying off 6,000 workers. Then, in April 2012, \$120 million was given to OpenText to create 1,200 jobs—so again there was a benchmark—and then, in May 2015, OpenText said it would be cutting 5% of its workforce. Given that information, does that affect the continuation of the fund, or how do you do that?

Hon. Brad Duguid: They are two different things. Cisco was a global reduction of workers and—it's almost an insensitive way to say this, but we were in some ways the beneficiary of that because we were where their research work was consolidating from other parts of the world where they were very spread out and they decided to consolidate into some centres of excellence for their research. So we benefited from that.

Mr. Taras Natyshak: So there are no job losses here?

Hon. Brad Duguid: These companies, as they're going through transition, will sometimes have to change over their workforce as they change from one project to another. So I can't guarantee you that Cisco has never laid off any workers over the last number of years. I can tell you that they're in a constant state of growth overall, and there's a transition of workers.

OpenText has gone through very much the same. OpenText was in the process of creating a brand new research centre for cloud computing, in the US, I believe, which would have been a very important part of their business. We caught wind of that and said, "Hold the phone there. We want you to locate that here, so let's sit down and figure out a way to create those jobs in Ontario." Now OpenText has been a very successful company. We contributed to OpenText from the beginning to help it become the global giant that it's become, but it's because that sector is in a constant state of disruption that they've had to restructure some of their company to take on this new initiative that they're taking.

So, overall, OpenText in Ontario is growing and will grow into the future, but they have had to, as I understand it, shed some jobs to create jobs in other areas that they've moved into in terms of their business interests. It's a success story in Ontario no matter how you put it, but these companies are sometimes in a state of transition.

Mr. Taras Natyshak: You had mentioned to Mr. McNaughton that you would want us to ask penetrating questions on the accountability measures around the jobs. I don't know if I'm asking penetrating questions, but I'm definitely trying to dig a little further into how you safeguard the investments that you've made, on behalf of the public, and the jobs that you have said and promised would be delivered under these.

Now, you're saying that some jobs have to be eliminated to create jobs. We've heard that type of model before. I don't know whether it works in the private sector as much as it's been touted to work in the public sector, but what I guess I want to know is: Do you weigh the type of jobs? Are they full-time jobs? Do they come with benefits? Are they specifically high-skilled? Are

they precarious? Are they temporary? Does that come into the equation? And if they aren't those types of jobs that you're looking to create, then what are the metrics that you have to claw back some of that funding, or to penalize, or to incentivize it?

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Hon. Brad Duguid: The two projects that you talked about, they are all high-end jobs—I shouldn't say all—the vast majority of them are high-end jobs. You're talking about ICT experts and researchers. They are the best of the best in terms of jobs and pay—

Mr. Taras Natyshak: So do you get a report when each one of those jobs is created?

Hon. Brad Duguid: Not when each job is created. When it comes time—

Mr. Taras Natyshak: The deputy is saying yes, and you're saying—

Hon. Brad Duguid: Not each individual job—

Mr. Taras Natyshak: So when would we see a report like that? At Cisco we've got 200 new high-tech, high-paying jobs that have been created. How do we get to see that, and how does the general public get to see that?

Hon. Brad Duguid: There are milestones in the agreements. Each time a milestone is reached—that would be when there would be time for an allocation of dollars to take place—we would have to see the evidence that they've fulfilled their obligation in terms of the number of jobs they've created.

Mr. Taras Natyshak: Then, do you publicize that, or does Cisco publicize that?

Hon. Brad Duguid: That would depend. Some companies might, some companies might not.

Mr. Taras Natyshak: It's up to the company's discretion?

Hon. Brad Duguid: Again, it would depend. There may be times when that could be commercially sensitive to a company in terms of, they may not want their competition to know whether they're gearing up for a particular project or not.

What we do do is, on a monthly basis, we have our job numbers come in, and we talk about that. From time to time when there's a milestone reached, we'll make announcements with the companies. We like to announce those things; they're good news. We'll make announcements with the companies when those milestones are reached, and certainly we encourage the companies to work with us to do that.

We don't have a system in place where every time they create a job they have to put out a press release. These things are moving pretty fast. But I can assure you that when we make an announcement and we say a certain number of jobs will be created or retained from this announcement, I can assure you that that has to happen or they don't get the funding.

Mr. Taras Natyshak: When deciding on how much the overall package—or the support through the Jobs and Prosperity Fund is delivered—when deciding on that partnership, is there a weight given to how many jobs are

retained versus how many jobs are created? Does that come into the equation?

A retained job is great, of course—it's one less job that leaves our jurisdiction and it's one more family that can contribute to the overall economy—but a new job created is what we're all looking for. It indicates growth; it indicates economic health and prosperity. Does that make a difference in the eyes of the government?

Hon. Brad Duguid: You have to judge every investment based on rate of return and on how it contributes to innovation, productivity and our expert capability.

I'll give you an example: The investment with Ford is a significant investment in Oakville. I can get you the numbers on that. I don't recall off the top of my head exactly—

Interjection.

Hon. Brad Duguid: —\$70 million; so it's about a \$700-million investment by Ford, or somewhere thereabouts. That was to retool their plant and put in place a global line—a flexible line—that can run vehicles. Without that investment, that plant could have been at risk down the road of not continuing, or reducing the number of vehicles it produces. With that investment those jobs are now secure for probably another 15 years or so.

Mr. Taras Natyshak: Yes, I get it. Believe me; coming from the automotive sector, I understand that.

Hon. Brad Duguid: As it turns out, when we announced that investment, I think we announced it with retained jobs and no new jobs—or maybe a handful of new jobs; as it turns out, there were new jobs created from that. We didn't go back and put out a new press release to say, "Hey, there are actually 200 or 300 new jobs there," or whatever it turned out to be.

We are fairly cautious when we make the announcements. As I said, it's not a game show for us. This is about building a strong basis for a strong economy, so some investments may come with no new jobs and retention of jobs. The Ford example is a good one: That's every bit as important and good as a brand new investment that creates 300 or 400 new jobs.

The Chair (Ms. Cheri DiNovo): Thank you, everyone. This committee stands recessed until this afternoon at 3:45.

The committee recessed from 1015 to 1546.

The Chair (Ms. Cheri DiNovo): Good afternoon. We will now resume consideration of vote 901 of the 2015-16 estimates of the Ministry of Economic Development, Employment and Infrastructure/Ministry of Research and Innovation.

When we recessed this morning, the third party had 17 minutes and 53 seconds left in their rotation.

Mr. Natyshak, please proceed.

Mr. Taras Natyshak: Thanks to the minister for coming back here. I really appreciate it.

Hon. Brad Duguid: You know I don't have a choice.

Mr. Taras Natyshak: Yes, I know you don't. Thanks for being here anyway.

Minister, when we left off, I was focusing on the Jobs and Prosperity Fund. I'm no further ahead in terms of understanding how you do a value-for-money on each individual project; how you translate that to taxpayers in terms of where that expenditure is and what they're getting for it. Could you run me through that process again?

Hon. Brad Duguid: I will do that at a higher level and maybe pass it to the deputy to give you a little bit more of an idea.

It's something we've put a lot of thought to. Our programs have evolved over time, certainly over the last 10 years. The initial programs were done, as each program progressed, probably in different ways. Through the Treasury Board process in particular, we've had considerable discussion about: how do you evaluate projects, how do you evaluate rate of return, how do you score a good project, how can you tell a good project and investment from a bad one? So we've refined it, and we continue to refine it. There are still ways that we sometimes find that we can improve the process we use. We score projects now based on a number of different areas: how it applies to productivity improvements; if the investment is encouraging innovation; the extent to which the company opens up export markets. When we look at future investments, those are the more sustainable businesses that are going to be around a long time. They contribute a lot to the supply chain and the economy. You would then evaluate rate of return, which would look at things like the number of jobs retained, the number of jobs created, the amount of investments in terms of the overall capital investments that the private sector is bringing on.

We have the whole criteria that we can go through with you, and the deputy probably has it in front of him now; if not, he knows it off the top of his head. A lot of work has gone into this.

Mr. Giles Gherson: Thank you, Minister.

He described it pretty accurately. It's a constantly evolving scorecard. We've tried to be—the minister used the word "stringent" this morning, and I think that's probably the word for it. There are a couple of different elements to it, and one is to make sure that when you're allocating scarce resources—and the minister said this this morning—we're looking for the best projects. It's not a question of, any project is funded. There have to be pretty rigid criteria to ensure that the project, as the minister said earlier, conforms to the requirements of the program: that it's an anchor investment; that it's an investment that improves innovation, brings innovation to the province; that brings and improves productivity, performance; and that can grow exports.

Mr. Taras Natyshak: Can you give me an example of one that you've evaluated through that criterion, and how you would then communicate that to the taxpayer or the public at large? Is there a specific one that you can talk—

Hon. Brad Duguid: No—I mean, that's the work that goes to Treasury Board for approval of the project. Depending on the amount of the project, within our min-

istry, I'm entitled to approve, as minister, projects up to a certain amount. Is it \$50 million?

Interjection: Twenty-five.

Hon. Brad Duguid: It's \$25 million. I need more. They only give me \$25 million in discretion. But anything above \$25 million then goes to Treasury Board for consideration, where it's looked at. The scorecard provides them with the information they need—

Mr. Taras Natyshak: The scorecard provides Treasury Board with—

Hon. Brad Duguid: With the information they need to ensure that they are making a good, informed decision.

Mr. Taras Natyshak: Is everything under \$25 million evaluated through the same process?

Hon. Brad Duguid: More or less.

Mr. Taras Natyshak: Below and above? Same thing?

Hon. Brad Duguid: More or less the same process, yes. But in terms of releasing the scorecard and things like that, I can't imagine that would be something that would be in the public realm. Deputy, do—

Mr. Giles Gherson: Not yet, because as I was saying, the scorecard concept, which began with the Jobs and Prosperity Fund when it was first introduced about a year ago, has evolved—actually, for the third time. We're trying to make it more stringent. We're trying to make it stringent and flexible at the same time.

To give you an example, the scorecard scores the projects on the basis of innovation, on the basis of productivity, on the basis of exports. It does look at jobs, although that's not the primary criterion, as we were saying this morning. But it does look at potential jobs to be created, and the negotiations with the company will establish the number of jobs to be retained and/or created.

Mr. Taras Natyshak: So is there an intention at some point—you alluded to it a little bit. You said “not yet.” We haven't yet released that type of—the report card.

Mr. Giles Gherson: The last iteration we have been working with the Treasury Board on is not in its final stage yet. We're not quite there yet. We've been using the scorecard in two different iterations, and now we're working towards the third iteration. The minister will have to decide, when it's ready, whether it's something that we want to release or not.

But I think what we have done, to your question, in terms of the kinds of examples that the minister has announced already—the Linamar project, for example. I mean, it was pretty clearly stated with the announcement there that this was a project of \$500 million, a grant of \$50 million, which was going to enable Linamar to produce a whole new generation of drivetrain for basically eight- and nine-speed transmissions for vehicles produced in Ontario.

Why were we doing this? One, it's an innovative technology that they were bringing forward that we were supporting. Second, it was going to dramatically increase the productivity of the operation. Thirdly, it was going to increase their exports.

Mr. Taras Natyshak: So would the general public be able to look at that Linamar deal and see all the param-

eters, see why you did it, what the rationale was behind the ministry supporting Linamar with the grant? Are they able to do that, on specifically the Linamar deal?

Hon. Brad Duguid: Not on specific commercially sensitive information, no. What we release when we make the announcement is what the public will see.

Mr. Taras Natyshak: You see what I'm getting at here. What you're asking the taxpayers is to have somewhat of a blind faith in the Jobs and Prosperity Fund, that the overall effect of that fund when partnering with industry is just, “Believe us, trust us, this is going to be positive in the end.” Without any oversight or ability to review at least some of the parameters—I don't need to know whether it's an eight-speed or a nine-speed transmission, none of the commercially sensitive stuff. But those basic numbers—jobs, productivity, that stuff—is quite generalized. Why can't we see that, and do you have any intention of developing a formula that is able to be reviewed by the public?

Hon. Brad Duguid: That information is made public when we make the announcement, so jobs retention—

Mr. Taras Natyshak: It's anticipated information. You hope that it gets there. But through the measuring process through the term of the deal, where can we review it, and at the end, do we get to see whether it actually had the desired effect?

Hon. Brad Duguid: Yes, you will be able to see whether it has the desired effect, because when we make the announcement, we will determine how many jobs are retained, how many jobs are committed. We'll determine what our investment would be and what the private sector investment is planned to be. Beyond that, there would normally be details of what we're investing in, whether it's next-generation robotics or something like that.

Mr. Taras Natyshak: Again, you're talking about pre-investment; I'm talking post-investment, when it's all wrapped up, after the ribbons are cut and the fund has been exhausted and the company's spent and they've either made their investment or the capital has run out. The evaluation of the final deal: That's what I would like to see, and I think that's what taxpayers would like to see as well.

Hon. Brad Duguid: Well, all of that is subject to either a combination of the estimates, you know, audits and all of that, so—

Mr. Taras Natyshak: Well, wouldn't it be subject to, again, your scorecard? Could we just not see a snapshot of the scorecard on the evaluation? I'm going around in circles here, which is a little bit frustrating.

I'm going to switch over to—

Hon. Brad Duguid: It's kind of frustrating for us, too, because if you're thinking that we could release all of the information that the ministry puts together regarding a company and the discussions and negotiations that go on, there's no company in the world that would do business in Ontario if they had to reveal all of that information that their competitors could look at in terms of where that company is going and what the fiscal position of that company happens to be at the time. All of that kind of information is highly commercially sensitive.

But if you're asking in general, would we be able to let you know or make public what the report card looks like in general—if you're asking that, that's something that's certainly very doable.

Mr. Taras Natyshak: I'm asking it on behalf of our communities and the public, who ultimately is the funder of these initiatives. I think it would be quite reasonable for you, as the government and the minister, to provide them with some accountability when those funds are initiated. I'm not talking, again, commercially sensitive stuff.

I've got to switch to another question.

Hon. Brad Duguid: Well, let me be clear: There's absolute accountability. We can tell you to a dollar every deal that we've done over the last 10 years, how many may have failed and how many haven't. It's something like maybe 2% total over 10 years, if not less, that have failed.

Mr. Taras Natyshak: You're talking about individual companies that have failed, or you've failed to meet the threshold—

Hon. Brad Duguid: Deals where the company has not met their objectives.

Mr. Taras Natyshak: So let's talk about that. That's my next question.

Hon. Brad Duguid: We can share that information in terms of where that's happened, and there are maybe one or two examples where it's happened.

Mr. Taras Natyshak: Of those two—you said that agreements contain clawback provisions I would assume that those types of companies were at some point clawed back within the funding if they failed to meet certain criteria. What are those conditions that warrant clawback, and when, exactly, has this happened? Can you tell us?

Hon. Brad Duguid: That would entirely depend on the particular deal. We're talking about a series of investments that have been made over a 10-year period now. So we're not talking about investments that have been made under the Jobs and Prosperity Fund; we're talking about investments that would have been made over a 10-year period. The biggest-profile one was Northstar—was it Northstar?

Mr. Taras Natyshak: Navistar?

Hon. Brad Duguid: Navistar.

Mr. Taras Natyshak: From Chatham; I'm familiar with it for sure.

Hon. Brad Duguid: It's going back in the past, so I—

Mr. Taras Natyshak: I remember it quite well. It's right in my backyard. Did we ever recover any of the money from Navistar?

Hon. Brad Duguid: Well, Navistar fulfilled much of their original obligation. They maintained a workforce there for a number of years beyond which they would have. I can get details on that. That's the kind of thing I can get details on. I've shared that in the House, but it's going back four years when I shared those details in the House.

Mr. Taras Natyshak: Minister, I'll tell you, I wouldn't—Navistar should be an example of where the

program failed in terms of supporting, I guess, a foot-print.

Hon. Brad Duguid: So we should have given up on Navistar and let those folks just go out of work without trying?

Mr. Taras Natyshak: No, you should have made sure that Navistar's intentions, prior to initiating any funding, were to remain in that community. Because quite soon after you delivered public money to Navistar, they left. They laid off 1,100 workers—

Hon. Brad Duguid: No, that's not accurate.

Mr. Taras Natyshak:—been there for 30 years.

Hon. Brad Duguid: That's not accurate.

Mr. Taras Natyshak: Absolutely.

Hon. Brad Duguid: They stayed for many years.

Mr. Taras Natyshak: For a skeleton crew, and then they left Ontario for another jurisdiction.

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Hon. Brad Duguid: It's a perfect example of an investment that was made in order to make every attempt to keep an important business in this province. What it did do is it ensured that Navistar stayed longer than they otherwise would have—

Mr. Taras Natyshak: Did you recover any of the funds that were delivered? I think it was \$20 million. Was there \$20 million that was recovered from Navistar, ultimately? Close?

Hon. Brad Duguid: Again, I would have to go back and check to determine how much of the clawbacks actually were able to occur. Navistar did fulfill a good part of their commitment at the time.

Mr. Taras Natyshak: It's a contentious issue, and it's one that highlights where there are failures and the need for accountability.

Hon. Brad Duguid: I think the difference between you and I on this—and it kind of surprises me, as somebody from the community—is that you would have just given up on it and let those jobs go. We fought to try to do everything we could to keep the jobs here, with clawback provisions in place for the investment.

I had a number of altercations with your leader in the Legislature on this particular issue because I thought she would have been supportive of us fighting to keep jobs in that particular community. Instead, the response was more that we should have just thrown up our hands and—

Mr. Taras Natyshak: Minister, ultimately, over 12 years of your government, Navistar remains a skeleton of a facility. Under your watch, 1,100 jobs left the community of Chatham, Kent and Essex. To say that we were in any position to change any of your movements or any of your options when it came to supporting Navistar I don't think is quite accurate.

Hon. Brad Duguid: It was the lack of support from your leader in the third party that we found surprising on that particular issue.

Mr. Taras Natyshak: This is fun.

Minister, you mentioned jobs. Specifically, with Cisco and OpenText, there are some job figures that are

attached: 1,700 and 1,200. But you ultimately said that you don't focus on jobs through the Jobs and Prosperity Fund.

Hon. Brad Duguid: No, I never said that.

Mr. Taras Natyshak: You said that you don't want to turn it into a show; the government isn't focused specifically on jobs or—actually, I don't want to paraphrase you.

It seems as though the emphasis, through the Jobs and Prosperity Fund, isn't actually job creation; it's other thresholds in terms of productivity and investment and footprint. It doesn't necessarily equate to jobs. I'm wondering why specific jobs are not a serious part of the program.

Hon. Brad Duguid: That's not an accurate reflection in any way of any comments I've ever made on the Jobs and Prosperity Fund, especially this morning.

What we did talk about is the fact that there are a number of factors that would determine whether an investment is in the public interest or not in the public interest, or whether one investment is better than another investment, which is often where we're at today too, because there's a fairly significant pipeline of investment building in the province, which is good news.

What we talked about this morning is that some investments are investments that would certainly have some new jobs. Some would have some retained jobs. Some investments, often in southwestern Ontario, for instance—I think I used this example: Some of the big businesses in the chemistry industry in southwestern Ontario don't come with thousands of jobs, but they're incredibly important to the business ecosystem—particularly in the Sarnia and Lambton area and throughout southwestern Ontario. An investment of, for instance, \$10 million on the part of the province could get a multi-billion dollar investment in a chemistry plant. It might not come with hundreds or thousands of jobs, but it's really good for that community and the economy to do that. There's a really good return on that investment—

The Chair (Ms. Cheri DiNovo): I'm afraid, Mr. Natyshak and Minister, your time is up.

Minister, we now move back to you for a 30-minute response.

Interjections.

Hon. Brad Duguid: Is it moved to our side to ask questions, or do you want me to just talk for 30 minutes?

The Chair (Ms. Cheri DiNovo): Tradition is that it moves back to you for a 30-minute response.

Interjections.

The Chair (Ms. Cheri DiNovo): I'm just checking with the Clerk here. If the minister does not want to take his 30-minute time, then it goes to the official opposition for 30 minutes' time.

Hon. Brad Duguid: I'm happy to take my 30-minute time. I just thought that it was reverting to the government side for questions.

The Chair (Ms. Cheri DiNovo): No, it comes back to you for a response. That's the tradition of the opening of estimates, right?

Hon. Brad Duguid: Okay. That's fair enough. I appreciate that.

Mr. Han Dong: Chair?

The Chair (Ms. Cheri DiNovo): Yes, Mr. Dong?

Mr. Han Dong: Just a quick question: Would the government members have a chance to ask questions, or is that the next round?

The Chair (Ms. Cheri DiNovo): In the next round.

Mr. Han Dong: In the next round? Okay.

Hon. Brad Duguid: My apologies. I'm good.

Mr. Taras Natyshak: Chair?

The Chair (Ms. Cheri DiNovo): Sorry, Mr. Natyshak.

Hon. Brad Duguid: Let me just—

The Chair (Ms. Cheri DiNovo): Hold on.

Yes?

Mr. Taras Natyshak: So the minister speaks for 30 minutes, and then it goes back to the opposition?

The Chair (Ms. Cheri DiNovo): Yes.

Mr. Taras Natyshak: And then it comes to the third party.

The Chair (Ms. Cheri DiNovo): That's right, 20 minutes each. Then we're into the 20-minute rotation at that point.

Mr. Taras Natyshak: Thank you.

The Chair (Ms. Cheri DiNovo): We're chewing up your time, Minister.

Hon. Brad Duguid: No, that's great. I never have a shortage of things to say, Madam Chair, so it's not like I was shy. I just wanted to make sure that I understood what was going on.

I want to talk a little bit about the importance of government support programs, because there has been debate on that. Some of it is philosophical debate through the years, and different people have had different views. Different economists take different views on this.

There are a lot of ways you can support businesses and growth. We try to support businesses and growth in as many ways as possible. One is, of course, trying to make sure that we have a very solid and, in fact, globally competitive, if not the most competitive, talented labour force available to them. Certainly I can talk more about that in a bit.

The other way is making sure that we're a competitive place to invest. That means paying close attention to corporate taxes. It sometimes is good politics to say that we could increase spending on this or that if we were to whack businesses with corporate taxes, but I've got to tell you, as somebody whose job it is in many ways to go out and seek investment from companies around the world, the fact that we have one of the lowest effective corporate tax rates in North America is an incredibly important selling point for that investment. Companies do look at that. They look at the costs of doing business in a jurisdiction, so that's an important piece as well.

They also look at things like infrastructure. Is it an area that is investing in their infrastructure, or is it an area where, when we locate a plant there in the next five or 10 years, we're not going to be able to move our trucks around on highways, or our freight around on

trains, or however else they move their goods and services around? Or are their workers going to be able to get to work? They look at infrastructure as well, and competitive infrastructure, probably more than ever before, is a consideration in some of those investment decisions.

They look at a number of other different things. "How is depreciation treated?" We've got pretty good initiatives that we've taken in recent years here to allow accelerated capital depreciation, which provides businesses with more incentive to invest and modernize their plants.

But the fact of the matter is that in the global economy, in the competition that takes place globally for these investments, it often comes down as well to jurisdictions that offer incentives for businesses to locate. Ontario is either in the game or not in the game when it comes to this. We refer to this, more or less, as "business supports"; I think that's what most people refer to as business supports. Through the years, in order to gain these investments and in order to ensure those investments don't go to other places, we've engaged in these business supports in many different ways.

But now, with the advice of Don Drummond, we've consolidated our efforts under the Jobs and Prosperity Fund. That was also a recommendation of the Jobs and Prosperity Council, a business-oriented council with some representation from labour that was put in place to give us recommendations. That was their recommendation, and we've fulfilled that. We've set aside \$2.5 billion in this fund—that includes projects from the past—that is now utilized over the next 10 years for these business supports, so that we don't have a number of different programs to go to; we have the one program to go to. It makes it easier for business. It makes it easier for accountability, for even the opposition to know that we don't have a bunch of different programs these are under. We can actually monitor them much better and easier.

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Through the years, when we look at the supports that we've provided—we talk about manufacturing and if manufacturing is important to us. When we're trying to get a manufacturing plant—whether it's an auto assembly plant or whether it's keeping an auto assembly plant here or whether it's an auto supply company or whether it's an ICT company that does manufacturing—since 2004, we've invested about \$1.4 billion in business supports. That's a significant amount. That has leveraged \$15 billion overall in private sector investment. The total jobs that those investments will have created is 60,000 total jobs, and that's in manufacturing alone.

I would say to those who don't support those types of job supports—some in the Legislature have and some haven't—that it's an important element of our tools. It's not the only element. We have got to be competitive in a number of different ways. But it's that deal-closer that you need to do in order to ensure that another jurisdiction that's close to us in competitiveness doesn't either steal some of those potential investments here or take away some of those investments that we would have otherwise received.

When we look at total business supports outside of manufacturing, the picture is even more interesting. We've invested \$2.6 billion overall. That has leveraged \$26 billion in private sector investment. It has created 27,320 jobs and retained 114,744 jobs. That's important. That's an important part of our economy.

When we look at our job performance since the recession, we're looking at 560,000 net new jobs created. These aren't just the jobs we've created and we've lost others; this is the net of jobs created and jobs lost. Every day, in jurisdictions around the world, businesses make decisions, businesses change and sectors change, so you'll see jobs go up and down, but the key is, for a jurisdiction, that net figure. Are your jobs going up? Over 560,000 net new jobs have been created.

We've contributed to some of that through our business support programs. I would never make the claim that all of our investments have come through that. We've managed to attract investments where we don't have to put incentives forward. Often, that's the case when the competition in that particular sector isn't as fierce and other jurisdictions aren't involved. The jurisdictions where you tend to see a lot of competition with incentives would be aerospace—you'd see a lot of that; jurisdictions will offer very good incentives for aerospace investments. Auto, in particular—huge incentives are being offered in places like Mexico and the Deep South in North America and other places around the world.

I guess my suggestion and argument is that we need to continue to be in that game. We need to continue to provide those business supports. My friend from the NDP Mr. Natyshak and I had some good exchanges just recently on some of the business support programs. But he's not suggesting that we not have those programs, and I think that he's doing his job. We need to be accountable for the dollars that we invest.

That's why the deputy has talked about and we've talked about the importance of our internal decision-making processes: that they're thorough; that when we go to the Treasury Board for these approvals, we have a prioritization-ranking process so we can tell one investment from the other. The importance to us in doing that is that our pipeline has been growing substantially and quickly. That's a challenge for our ministry because we have more projects that we have to analyze and bring to Treasury Board for approval, but it's a good challenge to have because it means it's a sign of greater investment happening in this province.

I can tell you, it's a heck of a lot busier now than it was when I took this post on the first time around, which was shortly after the global recession, if I recall. So the pipeline is much, much larger now, and what that's done is, it's given us the incentive to say, "Look, even if something's a good project, we may have better projects available within that pipeline that we need to fund." So we need to spend a particular amount of time assessing which projects give us the better rate of return for the taxpayers and investment.

We always have clawback provisions in these types of agreements with businesses. Generally speaking, it's

milestones they have to meet. You can rest assured that if they don't meet those milestones—we don't always immediately impose a clawback provision. We'll determine why. Is it a temporary problem? Is it a contract they temporarily lost and will be able to regain? We're in the business of creating jobs and economic growth, but at the same time, we're very stringent on ensuring that the commitments that businesses make they ultimately fulfill. Our track record has been very, very good. We have very few examples where businesses haven't fulfilled their commitments.

The same is true of the regional economic development funds, which have been very important. I know that when they came into place, there was controversy in the Legislature about them. I think one party fought very hard against them, didn't like them. Two parties in the Legislature were supportive of it. In all now, we've invested about \$120 million through those funds. These are projects in much-needed areas in the province. Southwestern Ontario and eastern Ontario have leveraged about \$1.3 billion of private sector investment, which is a pretty good ratio of bringing in private sector investment.

These aren't moving jobs around Ontario. Let's be clear on that. These are opportunities to bring in investment, often from offshore or often from other places. In some cases, they're consolidations of businesses that are consolidating in a place here in Ontario when they could have gone somewhere else. In some cases, they're businesses that are growing and expanding, and we're investing in growth, which is really important.

The key here is where we invest these dollars. Places like Windsor have seen a great deal of help through the regional economic development funds—southwestern Ontario. The funds have really grown out there. The demand has grown out there.

I see Ms. Kiwala there wondering what's going on in the east. The east started much the same way—a huge appetite for the Eastern Ontario Development Fund when it was initially put forward. It's more or less stabilized now. It still continues to do well and help businesses in the east. But in the southwest, we've seen this past year a lot of appetite for growth in that, which is something we certainly welcome.

The vast majority of these investments have been in manufacturing, which makes sense, in eastern Ontario and southwestern Ontario. The vast majority of those investments have been in manufacturing. In all, we're looking at about 31,000 jobs created or sustained—or, sorry—yes, 31,000 jobs created or sustained through those programs.

The nice thing about the regional economic development fund programs is they're fast—very quick approval processes for them, which is good, especially for small and medium-sized companies and for communities. When they identify potential opportunities, they come to us quickly.

We want to get the same level of agility with all of our programs in our government. The Jobs and Prosperity Fund was a step forward in doing that. It's important that

we're agile. I said earlier on that we want to make Ontario one of the easiest places in the world in which to do business, because we've got lots of competition.

We used to be able to, as a jurisdiction—Ontario, in the auto sector, was just the place to be. It's either Ontario or Michigan; there wasn't a lot of alternative in North America, really. In generations past, the investments were going to generally come here. It was a good climate. We had great talent. We had a great workforce. We produced great cars. There wasn't that global competition drawing jobs all over the place.

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Times have changed. We need to fight for those investments and reinvestments now. We're in stiff competition with other jurisdictions.

I can tell you, though, when it comes to the auto sector—and I had the pleasure of touring Japan just recently. In fact, as I said earlier, I just got back from 19 days on the road. The first eight days were in Japan; the rest were in Hong Kong and China. But when I was travelling through Japan, I was touring with Ray Tanguay. Ray was recently appointed as our special adviser for auto. I can tell you that he's doing it for free, which is great, for him to do that. It's incredibly valuable to have somebody from the private sector with his stature going out globally with us and talking to folks about something that I call a perception-and-reality discussion.

The fact of the matter is, jurisdictions like Ontario and Michigan have been seen as part of the higher-wage, higher-standards environment. It is true that in Ontario and Michigan, our wages tend to be very competitive. That's not a bad thing; that's a good thing. That's a sign of a healthy economy and a healthy society, when wages are healthy. Today in Mexico, the wages for Mexican workers are less than the wages in China. That's not where we want to go. We want good-quality workers who are well paid, fairly paid for what they do, but we still need to be competitive, and what I want to share with you today is the fact that we are competitive.

That was the message that Ray Tanguay and I were taking to over 25 companies that are invested here in Ontario from Japan: not just Toyota and Honda and Subaru and others in terms of just the manufacturing companies, but a lot of the auto parts companies as well in the supply chain that's so important to our ecosystem here. What Ray put together, in conjunction with my ministry, was a one-pager on why we are competitive that we could pass out as we went through those meetings.

We're competitive on corporate tax rates—very competitive. In fact, we have the most competitive tax rates of any jurisdiction in North America when it comes to effective corporate tax rates. As I said before, that's a big consideration for these companies and they always like to hear that.

We also give more bang for our buck for our R&D budget, and that's really important too. We can take some credit for that because we have one of the most generous tax credits for research and development anywhere in North America, but we do have federal partners who are

important in that as well. So we're a jurisdiction that has tax credits both from the federal and provincial governments—among the best. In fact, tax credits generate about 40% to 60% savings in R&D for businesses. They are very generous, but you need that because a lot of these sectors are now going into advanced technology.

So where is the auto sector? In the auto sector of today, Ontario and Michigan continue to produce more cars than anywhere else in North America. There are some that seem to think, for some reason, that all the cars are now being produced in Mexico and the Deep South. The fact is that most of the growth in the sector has gone there; a lot of the growth in the sector has gone there. We're fighting now to win some of that back, but the fact is that we're still, by far, producing more cars than anywhere else in North America, which is a good thing. But that's in today's economy and that's today's cars.

The whole auto sector, like other sectors, is in full disruption, so you need to have strengths in artificial intelligence. You need to have strengths in sensor development. You need to have strengths in the connected car. You need to have strengths in clean tech, in things like hydrogen fuel cell technology and the electric vehicle. You need to ensure that you have companies in your jurisdiction that are looking at and operating and doing research and development in areas like the driverless car or the automated car. Those are six areas of absolute disruption going on in our auto sector today. We're very fortunate here in Ontario that we have strengths in almost all, if not all, of those areas.

Part of that is through our post-secondary system, where we have nine universities and 24 colleges working on these issues, working intimately now, much more than ever before, with the sector. Part of it is in some of the innovation hubs we've built through our innovation accelerators, some on campuses—many very successful on campuses—some off campuses, like Communitech. They work very closely with universities, but they're still independent. They're a real driving force now for our start-ups to be able to get the scaling that they need to be a player in this next-generation auto sector.

It's an exciting time now in auto. I've said this in the past. Our choice as a jurisdiction in auto and other sectors as well is either to find ways to drive that disruption through our economic development policies, our infrastructure investments and our investments in innovation or to be driven right over by them, because that's exactly what's going to happen to economies throughout the world in the next—we're not talking 20 years from now or 10 years from now; we're talking now. Driverless cars: The technology is there. I drove one when I was in Japan at Subaru, where they actually had me go up to a barrier at full speed, not touching a thing, and just pray that the technology worked, and thank God it did—maybe not thank God it did; I wouldn't be here otherwise. You might have another minister appearing before you.

It's amazing. The technology is there, but it needs to be tested. We want to be a jurisdiction that welcomes that testing. That's why the Minister of Transportation and I,

just before we left for our trip to Japan and China, announced that Ontario roads would be open for the testing of autonomous vehicles, with restrictions to protect public safety and that kind of thing. But we want to be seen as one of those jurisdictions that is open to that kind of innovation. It has had rave reviews around the world. To be frank, it's amazing what a relatively minor regulatory change like that can do to helping your reputation. Tesla was blown away by the fact that we were the first jurisdiction in the country to do that. There are a few states that have done that already. But even over in Japan and China, companies were praising us for being proactive about this. So we're very happy about where that's going.

The price of our dollar is another huge competitive advantage for us, and it's stabilized now. I always say that I never want to count on that as a competitive advantage; I want to use it as a bonus. I want us to be competitive no matter what the currency happens to be at or what commodity prices are at. But the fact of the matter is, right now the price of the dollar is at I think, traditionally, the level we expect it's going to be at for some time. So that's a huge competitive advantage for us.

Our health care system is another huge advantage. Ray Tanguay has indicated that it's about a \$500 value per car—I'd have to check that particular figure. It's a huge competitive advantage for us, especially vis-à-vis the US and somewhat with Mexico as well. We often don't talk about that when we're talking about all-in costs. We can't just talk about the price of labour. We've got to talk about your all-in costs, because after all, that's what a shareholder for those companies that are looking to invest is interested in. How much investment are you going to bring back? How much revenue are you going to earn? If you're not talking about all-in costs, then it's only a partial indication.

Cost of energy is something that traditionally we don't talk about as a competitive advantage. I don't see it as such. I see it as something we're holding our own on. The indications are and the information that we have would suggest that we're about in the middle of the road now when it comes to comparing US states and definitely Mexico—

The Chair (Ms. Cheri DiNovo): Minister, you have about five minutes left.

Hon. Brad Duguid: Oh, okay; that's good—but the fact of the matter is we've made a lot of the investments that the US economies now have to make. By getting off of coal, as challenging as it was and in some ways costly, as it has to be—because coal is really cheap. There's no question: Coal is the cheapest way to provide power. But by getting off of coal, we are now ahead of the curve. We've incurred those costs in our energy system. Other jurisdictions that are moving off of coal—and they are, in the US; that's something that's going to be a competitive disadvantage that they're going to face. The cost curve now for those jurisdictions is higher than the cost curve now for this jurisdiction, which is something that businesses understand and appreciate.

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The other area where we're extremely competitive, and we can be very proud of this: We make the best-quality cars anywhere in the world today. It's easy for the minister to say that; obviously, we're biased. But the J.D. Power awards are really what tell the story. The J.D. Power awards are the awards that are given out to the best-quality plants in the world, particularly in North America. Ontario has won 29; Kentucky has won 13; Michigan has won 11; Ohio has won seven. Mexico has won three—three. We've won 29—almost 10 times more.

When you look at the jurisdictions that I've talked about that have won these things, they're generally all in that upper state-Ontario cluster. We are really one big auto cluster, when you think about it. That's something that we want to continue to remind investors: "If you really are concerned about quality, you'd better think twice before you make investments in jurisdictions that don't have a great reputation for that."

You can look at that in a number of different ways, but we're seeing record sales across North America when it comes to auto again this year and in the previous year, and that's great news. It's good for production. Most of our auto plants are humming along at pretty close to full production, if not full capacity, which is good right across North America. The fact of the matter is, it has also been years of record recalls for vehicles. I'm not here to trash Mexico, but a good part of those recalls have come from mistakes or lack of quality out of some of those plants. I know it's almost un-Canadian to be aggressive like that, but I think this is a strength for us, and we shouldn't hesitate to say that if you want to set up an innovative, new, connected car, there's nowhere else in the world that you can do that, where you've got the peace of mind of knowing that you're going to have innovation right down to the plant floor.

Companies recognize that. That's where our auto sector, by and large, is going now. Look at the next-generation Honda. That's not being produced anywhere else in the world but Ontario. They're going to Alliston to do that. They go to their best plants to do that first-generation vehicle, because those plants are capable of innovating and making sure those cars come out as a success.

The same with Toyota, their next-generation Lexus, their premier car: They're not trusting that anywhere else in the world but here in Ontario. That speaks to the quality.

I've talked about our education workforce, which is also our competitive advantage, but Great Lakes cluster production is something that is often misspoken about. We do produce the most cars in North America. We continue to. We're sustaining what we have. We've seen two and a half billion dollars of investment in our auto sector in Ontario over the last 12 months—good news.

I'm not satisfied with that. I want to see us starting to win some new mandates. I want to see us more aggressively going out and seeking those mandates. Certainly

sustaining what we have now is our first priority, because what we have now is good, but I think we can do more. I think we are competitive. When I go out with Ray Tanguay and I talk to the presidents and chairmen of these companies—and in most of these meetings, if not all of them, we're with the decision-makers—I can tell you, once we've gone through the presentation that I've just gone through with you in detail, they look at us and say that they do need to rethink some of the decisions they've made with regard to future North American production, which is good news, because that's exactly why Mr. Tanguay and I set out with this initiative. It's to sell Ontario, but it's to inform these really important decision-makers about the fact that—

The Chair (Ms. Cheri DiNovo): I'm afraid, Minister, your time is up.

Hon. Brad Duguid: —we remain competitive; very competitive. Thank you.

The Chair (Ms. Cheri DiNovo): We now move to the official opposition. Mr. Harris.

Mr. Michael Harris: Good afternoon, Minister, Deputy and staff. Minister, I think there has been some significant interest over the Jobs and Prosperity Fund. That fund, \$2.5 billion over 10 years: Are we in the first or second year of that commitment? It was announced in 2014, right? So are we in the first fiscal year of that?

Hon. Brad Duguid: It was announced in 2014. I'm going to check with the deputy to get the date on when it would have been implemented. When you announce something, you still have to go through the process of setting it up, and then we have to consolidate the other funds, like the SJIF and others—

Mr. Michael Harris: So, Deputy, it was contained in the 2014 budget?

Mr. Giles Gherson: That's correct, sir. It was, actually, officially launched on January 7, 2015. It was announced in the budget and what was then the architecture of the Jobs and Prosperity Fund—all the rules and so forth—were put in place.

Mr. Michael Harris: I'm assuming that there were commitments made prior to January for investments out of that fund—right?—like, for instance, the Cisco and OpenText deals.

Mr. Giles Gherson: Correct.

Mr. Michael Harris: I was wondering if you could tell us the commitments that have been made out of the Jobs and Prosperity Fund and their dollar values. Who was a recipient and what is the dollar value, up until today? I don't know if you have that handy, by chance. I'll make it easier: Just provide to the committee a list of Jobs and Prosperity Fund recipients up until today, and a list of the commitments that were made.

Hon. Brad Duguid: Let me roll through the recent ones, anyway. The only reason I would hesitate is, just in case, there might be something that I don't have on my list. We'll be happy to provide you with the full list. I know we do have one; I've seen it.

I have a number listed here—we'll give you the information, but I'll just rattle off what I have. We made

an investment with Honda in Alliston: \$85.7 million, which accrued \$857 million over four years in private sector investment; OpenText, which was done in April 2014: \$120 million to support an investment of \$2 billion—I can give you more detail on each one if you need it, but I think that's what you're looking for; Cisco, December 2013: \$220 million, done in two phases, for a total investment of up to \$4 billion over 10 years; Ford, September 2013: a \$70-million investment that accrued \$709 million over four years; Ubisoft, which turned out to be a real anchor in our digital media sector: a grant of \$263 million, back in July 2009, over 10 years—a portion of that would be coming out of the JPF as well; Toyota, going back to July 2015, Cambridge and Woodstock: \$42 million to support an investment that I don't happen to have—

Mr. Michael Harris: The \$42 million is fine.

Hon. Brad Duguid: Linamar would have been a recent one, as well, in 2015: \$50 million, for a \$506-million investment. There may be others—

Interjection.

Hon. Brad Duguid: Go ahead, Deputy, if there's anything else.

Mr. Giles Gherson: The minister has listed the projects that were incorporated under the JPF, although they had been originally committed under pre-existing programs. The two that the minister cited that have been under the JPF were Toyota and Linamar. There's a significant pipeline, though, that has not yet been announced. They're pending.

Mr. Michael Harris: These deals or these commitments, obviously, range over the course of—they could be multi-year deals, up to 10 years. The payments, for instance, with Cisco—\$220 million—could be over 10 years?

Hon. Brad Duguid: Correct.

Mr. Michael Harris: You did talk about milestones, and I think that's what my colleague and I on this side are most interested in—not about, perhaps, who the recipient is and what it was used for. We obviously care about what it was used for. Specifically to Cisco, \$220 million—I'm wondering how much of that has been paid out to Cisco as of today. Can you tell the committee that?

Hon. Brad Duguid: I don't think very much at all, but I can check on that. Yes, that's still in the development stage.

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I can tell you that I was recently down at their offices. They've had a change in their president in Canada, and they've had a change in their CEO as well. Their CEO, John Chambers, is now their chair, so we wanted to reconnect with them to make sure the company is still going in the same direction and they are going to continue to make Ontario their research and innovation hub.

Mr. Michael Harris: So has any money flowed from that \$220 million to Cisco yet?

Hon. Brad Duguid: I'm checking to see if any has, but I'd be surprised. If there is any, it wouldn't be very much, because they're still in the process of developing that plan.

Mr. Michael Harris: But that funding announcement was back—you made that commitment last year, prior to the election, right?

Hon. Brad Duguid: Yes. I can probably give you a date as to when it was committed to, but it was—

Mr. Michael Harris: Is that typical, for a recipient like Cisco to have a commitment of \$220 million, and yet well over a year and a half later no money has—

Hon. Brad Duguid: Yes, it would be for that type of an investment, because for them it's a very long-term strategy in terms of setting up their research and development hub for smart cities here. They're in the process of restructuring a lot of the work that's being done globally. This wasn't like some of the potential auto investments, for instance, where they are going to upgrade their facility. Often those investments will occur a lot quicker; once the money flows, they make their investment and off they go.

This one is more of a—that's why it is over 10 years. We wouldn't allocate that funding until they start coming forward with their rollout in jobs and things like that.

Mr. Michael Harris: Obviously, a big part of this is to ensure that not only do we retain the jobs, but new jobs are being brought into the province.

Hon. Brad Duguid: Right.

Mr. Michael Harris: I'm not sure if one of your staff members brought you the actual figure yet in terms of how much money has been spent.

Mr. Giles Gherson: The answer, as the minister said, is that no money has flowed.

Mr. Michael Harris: No money has been spent.

I hope you can tell the committee the commitments that the government negotiated with Cisco in terms of the actual jobs. They said it would create 1,700 jobs, I believe. That's what the actual hard deal was, right? It was \$220 million that would create an additional 1,700 jobs. Is that correct?

Hon. Brad Duguid: That was the minimum, yes, but my expectation and the expectation of Cisco is that it would be significantly more than that as they move forward.

Mr. Michael Harris: Obviously, we all know about the significant layoffs that Cisco have made. I believe there were 6,000 people. I'm not sure if that's spread over Cisco globally or—

Hon. Brad Duguid: It was. That was global. In fact, I'd have to check to see if there was any impact on Ontario of that.

Mr. Michael Harris: Yes, that would be my next question, if you know of any impact in Ontario for Cisco.

Hon. Brad Duguid: I'd have to check to see. I don't believe there was, but I'd have to check to see. But that was part of this restructuring the company was doing, and in some ways some of those jobs were flowing globally into Ontario over this expansion plan for their research.

Mr. Michael Harris: So I guess if there has been no money flowed to Cisco, it's hard to ask—you talked

about those milestones. It's hard to ask if they've actually met those.

I guess the next big one would be OpenText: \$120 million, a commitment there for 1,200 jobs. Has any money, as of this date, been issued to OpenText as part of the Jobs and Prosperity Fund, or the commitment that was made to OpenText to the tune of \$120 million? Has any money flowed to OpenText?

Hon. Brad Duguid: I can't imagine—that was very recent and they're still in the process of developing it.

Mr. Michael Harris: That was right before the election too. So that's about a year and a half now as well.

Hon. Brad Duguid: Yes, but it was right up near—in fact, it was April 2014. Again, it's a longer-term play. So I would have to check and see if any money has flowed at all, because there might be some additional dollars.

Mr. Michael Harris: Yes. So if we can make a note to committee that we'd like the minister or ministry to report back to the committee as to how much money of the \$120 million has flowed up until now to—and I won't just pick on OpenText and Cisco, but all of the companies that he has mentioned today, like Honda, Ford, Ubisoft, Linamar etc., because he'll provide the list of all the recipients in that.

Now, the Jobs and Prosperity Fund had basically three categories to it, right?

Hon. Brad Duguid: Yes.

Mr. Michael Harris: It was going to help private sector companies improve their research and development capacity—a strategic partnerships stream that is aimed at funding and building partnerships between government and innovative entrepreneurs. There's also a food and beverage stream that is meant to help the province's food manufacturers improve their productivity and help them gain access to new markets.

We see here on the list a lot of manufacturing and software companies. When you look at that third category of the food and beverage stream, how much has been committed, as part of the \$2.5 billion, to that industry or that sector?

Hon. Brad Duguid: I can certainly see if we can get that information for you.

Mr. Michael Harris: You don't know any off the top of your head?

Hon. Brad Duguid: No, that stream is still fairly recent that has been approved—same with the strategic partnerships stream. It's fairly recent that we've gone through Treasury Board and got the approvals to move forward on those aspects. It's really early days for those funds. I couldn't confirm at this point in time if any projects have been passed through. They may well be in the pipeline at this stage but I'd have to check with the deputy. We can get that information.

Mr. Michael Harris: Is this typical? We're going to go into almost the next budget cycle; it's two years since this was first embedded into a budget, and yet not a lot of the money has actually flowed. Is that typical?

Hon. Brad Duguid: It's very typical because it takes time for a company to determine what their plans are

going to be. It takes time for us to negotiate an agreement with them. Often a company doesn't come here and say, "I'm just about to make an investment and I'm going to put a shovel in the ground in a month." Generally speaking, what they'll say is, "I'm going to make an investment in the next five years or the next three years or 24 months"—and that's usually tight—"somewhere in the world, and we have Ontario on our short list. You're competing with Mexico, you're competing with Brazil and you're competing with Poland. This is what they're offering us"—or we try to find that out, and then we get into negotiations with them. Once you get a fund approved, it would not be unusual to go 12 to 24 months—maybe even longer—before you start landing some of these deals for sure.

Mr. Michael Harris: Does it concern you when you read about companies that your government has made significant commitments—when you hear of or read of significant layoffs within those companies? OpenText, unfortunately, announced layoffs, and Cisco. What do you—

Hon. Brad Duguid: Whenever we hear of a layoff of any worker in Ontario we're always concerned and we're always concerned for that worker and their family. But I know, as somebody who does have an understanding of business, the fact of the matter is that our economy is changing very fast, and these companies are changing with that economy.

When you're dealing with a company like OpenText, for instance, they're going into some brand-spanking-new sectors and fields in cloud technology. Some of the people that company set up with 10 years ago, when we initially were helping them become a billion-dollar company, are not the right people they need, necessarily, with the skills that they need to be able to go into this new area.

Our choice with the OpenText investment was: Do they do their cloud research and the thousands of jobs that that's going to create here in Ontario, or do they do it where they were headed to, which was somewhere in the northern US, if I'm not mistaken? They're a global company, with a global board. As much as they were founded in Ontario and their head office is here, the fact of the matter is, they think globally. They were headed to that US jurisdiction. Through our funding, we were able to convince them that Ontario was the best place for them to do these jobs.

As that company changes course and upgrades what they do in terms of cloud computing and becomes a leader in cloud computing, you're going to see some transition in work staff. It's unavoidable. In fact, if we were to stand in their way to do that, what we would do is sentence them to be in a position where they have a workforce that can't fulfill the skills they need as they move into these new, disruptive areas of technology.

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The Chair (Ms. Cheri DiNovo): Mr. Harris, you have just under five minutes.

Mr. Michael Harris: Okay. You did make reference today that sometimes on occasion companies receiving

grants or loans don't always meet their contractual obligations. I understand from your comments earlier that there's some discussion with those companies and they're not hard penalties that are perhaps imposed on those companies, and I appreciate that perhaps. I'm wondering if you can give a list to the committee of any of those milestones on the ones you actually spoke to: What companies in fact did not meet their obligations and has the ministry used any of their clawback measures at their disposal? I wonder if you can provide that to the committee.

Hon. Brad Duguid: I can tell you that there have been very, very few that haven't met their milestones in our program.

Mr. Michael Harris: But you did mention that there were some. Can you actually provide to the committee who they were and if in fact there have been any clawbacks issued for those companies?

Hon. Brad Duguid: I may be able to do that, and I'll check with the ministry to ensure that that's something we're able to do. I'm not aware of a reason why I couldn't—

Mr. Michael Harris: I'm not either.

Hon. Brad Duguid: Always, on these matters, I turn to the deputy in terms of ensuring that we're not releasing things that are commercially sensitive.

Mr. Michael Harris: No. I think that if companies are going to take public dollars, as legislators we are asking you, the ministry, where those dollars are being invested. If the commitments that you made to those companies are not met and there are clawback provisions within those deals—I'm just asking for you to give to the committee the information as to who those companies are and what the clawback in fact was. I think that should be easy.

Hon. Brad Duguid: Yes, and I can tell you that you'll be relieved to know that—

Mr. Michael Harris: And I hope I am.

Hon. Brad Duguid:—somewhere in the high 90% range—around 97%—of the deals we've done have seen all of those measures met—and, more often than not, exceeded, which is good news for Ontario taxpayers. In those very few exceptions where a company has gone in the wrong direction—we've had a couple that I'm aware of in many, many deals through the years, and that was some time ago. We haven't had one for a long time—

Mr. Michael Harris: Yes, and I just want to make a reminder that those commitments that you talked about—hopefully you can get to us the amounts, the names, and, as of right now, how much has actually been given to those companies.

I think I'm just about done.

The Chair (Ms. Cheri DiNovo): Two minutes.

Mr. Michael Harris: Oh, I've got two minutes.

Just quickly, last year during estimates you stated that the government was looking to reduce the downtown footprint of government-owned facilities, stating that they were about 35% of the way through achieving this. I'm wondering if you can tell us and update the committee: As of last year, how many total positions have

you in fact moved out of the downtown? I believe it was positions.

Hon. Brad Duguid: I'm sorry.

Mr. Michael Harris: Pardon me?

Hon. Brad Duguid: I missed the gist of your question.

Mr. Michael Harris: You had said last year in committee—stated that the government was looking to reduce their downtown footprint.

Hon. Brad Duguid: Right.

Mr. Michael Harris: Like the LCBO, for instance etc. You said that you were about 35% of the way in achieving that last time this year. I'm wondering if you can update the committee on your progress of reducing the overall downtown footprint.

Hon. Brad Duguid: That may be something that our ministry can produce for you. It continues to be a work in progress, but I'll certainly—

Mr. Michael Harris: Yes, if you can update—

Hon. Brad Duguid: I'll endeavour to see if we can dig up that information—

Mr. Michael Harris: Yes. From the last committee to this committee, what has been done in terms of reducing the overall downtown footprint within the downtown core, which is kind of a follow-up question in the minute or two minutes that I had. I remember asking that question last year, and I just figured I'd come back at you and see how much progress you've made since we had the pleasure of last seeing you.

Hon. Brad Duguid: See if we've made progress on that. Sure. We'll see if we can come up with that information.

Mr. Michael Harris: All right.

Hon. Brad Duguid: It all depends on the timing of that. Those are reports they do, I expect, on an annual basis, but I'll ask the deputy to see if his administration folks can come up with—

Mr. Michael Harris: I'm sure they'll have the numbers there.

The Chair (Ms. Cheri DiNovo): I'm afraid you are out of time, Mr. Harris.

Mr. Michael Harris: All right. Thanks.

The Chair (Ms. Cheri DiNovo): We now move to the third party. Mr. Natyshak.

Mr. Taras Natyshak: Thank you very much, Chair. Ray Tanguay is not being paid for the work that he's doing. How is that possible?

Hon. Brad Duguid: He's an incredibly generous guy who has had a great career in the auto sector and has done Ontario and Canada proud, and he feels that it's a time for him to give back. I think, as this is a new position that we've brought on, it's something that, ultimately, as Ray is doing his work and as we look at the value he's bringing, we may well at some point decide to make this a paid position. We could have. I think Ray just wanted to contribute and give back. He's just retired, and he was willing to donate his time, which was phenomenal because it's more than a full-time job. It's incredible.

Mr. Taras Natyshak: It's a little bit frightening, because I know the work that he's done. I know his reputation. He's wonderful.

Hon. Brad Duguid: Right. We lucked out.

Mr. Taras Natyshak: You'd think that you'd want to have—retaining somebody like that and make sure that they have all the resources.

I guess what I'm alluding to, Minister, is that you and I have spoken many times about the creation of a specific auto czar that would have the mandate of the single window that you referred to, that we referenced earlier, for the auto sector. Somebody of Ray's stature would be the perfect person to do that, but I would think that the government would want to hire that person so that there was a level of comfort that he's being remunerated, and also that the resources built into an auto czar-type of a person would be there to attract that investment.

Hon. Brad Duguid: Ray does have the resources around him.

The development of this role came out of a recommendation from CAPC, which we worked very, very closely in developing. The idea came out some time ago, and we were supportive of the concept. We worked closely with CAPC as it evolved and as they gained consensus in the sector as to what that position should look like. They wanted it not just to be an adviser to the provincial government—the provincial and federal governments. We were able, over time, to get the federal government to agree. I would suggest that it wasn't that the province wouldn't have been willing to make it a paid position; it's just that that's the way it evolved, and Ray was willing to do it as part of his contribution. But it's a significant position.

The term you referred to for the position is exactly what we put in place, but I won't use that term because I think it's kind of offensive to call it that.

Mr. Taras Natyshak: Sure, sure. It's a term that's used in Michigan for their equivalent.

Hon. Brad Duguid: Yes, and we deliberately said that's not what we're going to call it. The best we came up with was a special adviser, which I think actually belittles a little bit, in terms of the description, the kind of work that he's really doing. He's doing very significant work at a very high level globally for us.

Now, Ray is putting together as well his strategic plan moving forward. That's part of the work he's doing. Once he does that work, the role could evolve even more. It's still something that Ray wants some time to consider. We're going to try it and see how it goes. So far it has been very effective.

Mr. Taras Natyshak: I think, given that CAPC has requested and asked for that position to be created and the government to champion that, both at the provincial and federal level—I understand that there was some hesitation and trepidation at the federal level. Now that, hopefully, that has subsided, do you not think that it would be a signal to the industry overall that the government is going to legitimize and codify that type of position? Again, the single window, as we know exists in

other jurisdictions, that streamlines the process of manufacturing and accelerates bringing new products online and capital investments: Are you going to do that, and when?

Hon. Brad Duguid: I couldn't stress enough that with the appointment of Ray Tanguay as the special adviser for auto we're doing exactly what we and CAPC had set out to do. Whether Mr. Tanguay would have taken a salary or not doesn't in any way indicate that what he's doing is not extremely relevant and important, and that we won't provide him with whatever supports he needs to do that. So at some point in time, it may well be that we'll consider whether it should be a salaried position. That wasn't Ray's intention.

1700

If somebody of that magnitude offers to do this kind of work without a salary—to be honest, frankly, the reason Ray probably preferred to do it the way he did is he didn't want to have the opposition or others yakking at the fact that he's bringing down a salary. He didn't want that to be the case.

To hire somebody of Ray's stature and magnitude would require, in my view, a significant salary. I'll guarantee you that it would be an issue in question period to hire an executive of that magnitude and get somebody like that to do this work. I lucked out, as minister, that we have somebody of Ray's global eminence in this business who really doesn't want that hassle, who just wants to do some good work and give back to an industry and a province that he has done well by.

We kind of lucked out, and taxpayers, I guess, did too. But at the end of the day, is he worth a salary? I would suggest he absolutely is. I would certainly be willing to go to the Treasury Board for money to pay him if that were needed, but we're fortunate Ray is satisfied. In fact, my understanding is it was his idea to do it this way.

Mr. Taras Natyshak: Well, I'm certainly supportive of—although I don't know specifically what he's working on, I see you mentioned and referenced a one-pager that seems to highlight some of the things that we know quite clearly.

I find it interesting that large multinational corporations don't understand or don't know those really basic benefits that Ontario has. Are we failing at selling those five or six points? Because they're quite clear: good education, good infrastructure, universal health care and a good, highly trained, skilled workforce. Those are some of the basics that I think we've been promoting for a long time. I'm wondering, are there any better ways for you to get that message out there, if it is that simple—that people needed to be reminded that those are the tangibles that make us more productive and a more beneficial location to set up shop?

Hon. Brad Duguid: I don't think it's ever a bad idea to be marketing our strengths. I don't think we should ever assume that every decision-maker globally is dwelling on whether the dollar is up or down in Canada or whether our R&D credits are the most generous in North America.

I think a lot of the perception on some of the decisions that have been made have been based purely on one thing, and that's that you can get a really cheap worker in Mexico. But when it's all-in, when you consider the entire business case, that's not the best decision for a lot of these investments.

There's a perception that developed—and it's not just Ontario; it's really in the upper US belt—the so-called erroneous Rust Belt mentality, which was a very poor choice of words because if you go into our auto plants here in Ontario today, most of them are almost brand new because of many of the investments we've made there. I would suggest Michigan has upgraded substantially too.

We're a very competitive place to do business, but there is—let's not fool ourselves—a global perception out there that suggests that we're a developed economy and are less competitive from a cost perspective. It is my job, our job collectively as Ontarians and the business community's job to go out there and make sure that we sell Ontario for the reality that we're extremely competitive.

But I wouldn't assume that everyone knows that. It would be nice if that were the case.

Mr. Taras Natyshak: All the more reason to get that single point of contact, that single window.

Hon. Brad Duguid: Absolutely.

Mr. Taras Natyshak: As I envision it, you walk up to the window and here it is. Here are the benefits, here are the challenges, here are the support mechanisms.

Hon. Brad Duguid: The single point of contact was one part of what CAPC was looking for, but frankly, the other part was making sure that as governments advance pitches to try to bring in investment, we have intimate knowledge of what's going on in that sector which generally government officials, try as they might, might not have. So having somebody that has the knowledge through and through of that entire global sector and knows the people in it is invaluable to us in our efforts to try to create jobs in auto.

Mr. Taras Natyshak: I can see that, no doubt. Now, let's juxtapose that idea or concept on the agriculture sector. I'll have you take a tour down the 401 to southwestern Ontario, to Kingsville and Leamington, where we have, I believe, the second-largest amount of vegetables grown under glass on the planet and the potential for growth—no pun intended there—of upwards of \$2 billion or \$3 billion of capital expenditures, ready to go. Yet, they are stymied by a couple of factors: lack of access to hydro capacity; lack of access to natural gas; a formidable regulatory barrier; and no single point of contact, as is readily available, again, in Michigan and Ohio.

That's pretty basic stuff in terms of economic development, I would say. Since I've been here, I can recall Dwight Duncan standing up and saying that southwestern Ontario was going to get all these things—access to hydro. They're going to get the natural gas and they're going to get a government that is willing to work with them. That opportunity is quickly fading as massive

producers head south—and not too far. They're actually just crossing Lake Erie into Ohio.

We're missing an enormous opportunity, and I'm wondering if your ministry is cognizant of it, what you're doing about it, how you're working with those folks and how you're going to ensure that you're putting all the resources into making sure that we can continue to grow?

Hon. Brad Duguid: Well, our agri-food sector is now second in North America in terms of size and growth. We're second to California. I would suggest there are opportunities. Not to prey on California's challenges, but they have serious drought issues there which are going to make it even more difficult to process foods down the road. We're the perfect jurisdiction for a lot of those businesses, in my view, to transfer it to.

I think you're onto something if you suggest that we ought to be aggressive at pursuing opportunities for the agri-food sector. You've talked about the greenhouse farm agri-food opportunities that I think, for real, are an area of growth for us. I've been down and I've visited a number of those businesses, and it is really exciting what's happening. They do have a challenge with access to natural gas, and that's a challenge that we're serious about taking on and helping them with.

We're doing that in a number of ways. We've made some very serious commitments about providing loan opportunities to help some of those businesses move forward with natural gas expansion. We've got a grant program that we're looking at that can help in that respect as well that we'll be rolling out. It's still going to take some time because the first step had to be taken, and that was a step that the OEB had to take.

Ideally, and if you talk to the sector they understand this, with more flexibility, Union Gas and Enbridge can do more and expand more, and they're willing to do it. The Minister of Energy has provided OEB with those directions, and that is now opening up some opportunities for expansion, so we can now work off of that to determine how much further we can go and where to make those investments. So we're putting together a program. We just finished the consultation on that about a month ago, and that's something we've done across the province in conjunction with the infrastructure expenditure we're doing outside of the GTHA, which is a record amount: \$15 billion.

But I have to say this: In order to do that natural gas expansion, we have to make some of the tough decisions this government is making. Decisions like the broadening of Hydro One are crucial for us to be able to help these businesses expand. That's really where the rubber hits the road on some of these. If we're not willing to make those tough decisions—and they are challenging from time to time—to get the revenues that we need to make those infrastructure investments, then we can talk about natural gas—

The Chair (Ms. Cheri DiNovo): Just five minutes, Mr. Natyshak.

Hon. Brad Duguid: —but our commitments really aren't worth a hill of beans if we're not willing to make

the commitments we need to make to fund that infrastructure.

1710

Mr. Taras Natyshak: Well, we will obviously differ on your methodology of having to fund infrastructure. The sell-off of one of our most valued and valuable public assets is historic in its nature. Never before has a government had to sell off or wanted to sell off—no, the PCs wanted to sell it off, but they came to their senses and realized that there were other ways to fund infrastructure rather than selling off a massive—

Hon. Brad Duguid: Not—like not funding it, so that's their alternative.

Mr. Taras Natyshak: I'm sure they did make some infrastructure investments during their tenure, I would say.

Hon. Brad Duguid: Not much.

Mr. Taras Natyshak: But being as though we're talking—

Interjections.

Mr. Taras Natyshak: I think I still have the floor, right, Chair?

The Chair (Ms. Cheri DiNovo): Four minutes.

Mr. Taras Natyshak: Talking about infrastructure investments, have you given any consideration to the Auditor General's report on the AFP versus public sector delivery and the fact that over the last 10 years AFP delivery models have cost the government in excess of \$8 billion? I know you'll argue the fact, but this is coming from the Auditor General: \$8 billion more in costing that the government could have saved ultimately had they used the public sector delivery model.

If indeed that figure that the Auditor General states is correct, that there's \$8 billion that you left on the table through AFP models, do you not think that there's another way that you could have funded infrastructure rather than selling off Hydro One? Would you have loved \$8 billion, through your ministry, to play with?

Hon. Brad Duguid: The fact is, the opposite is true. Even if you look at the Auditor General's report itself, when you look at it completely and you look at the net of what has been saved by the AFP as opposed to what has been spent, there is actually \$6 billion of net gain that now is available in terms of dollars that would be in the public realm that wouldn't otherwise be. Overall, yes, there was \$8 billion identified in the report that had been allocated to adjust for risk and those kinds of things in the AFPs, but the savings were \$14 billion, which means a net savings of \$6 billion. So it's pretty simple math. You can't just use the expenditure and not take into consideration the revenues you earned. The key is: Do the revenues add up to more than the expenditure? If they do, then the public is certainly better off. In this case, they did.

But in answer to your question about the recommendations—because the auditor made a lot of recommendations—Infrastructure Ontario has been working diligently. When the report came out—aside from what we've just disagreed on in terms of the misinterpretation

of what the auditor had said—the fact of the matter is she made a number of recommendations that we embraced and have been working on and continue to. I haven't seen a report from Infrastructure Ontario as to whether they have resolved all of those issues, but my understanding is they've taken them all seriously and they may well have addressed most, if not all, of them.

Deputy, do you have anything further to say on that?

Mr. Giles Gherson: Yes, they have. Among the changes that they've already announced, one is in terms of how value for money is calculated. That's what the minister was referring to in terms of the \$14 billion in value for money that was in exchange for, if you will, the \$8 billion in costs attached to the transfer of risk for those projects. So you had that, as the minister said, \$6-billion benefit. But the Auditor General did want a refinement of the value-for-money calculation, and that has been done.

Another couple of things that were done following the Auditor General's report: One was to change the benchmark for looking at value for money. It originally was, projects that were \$50 million and over in value and weren't considered complex were to be at least looked at with an AFP screen to see whether they should be AFP projects. That's been shifted to \$100 million. So there was that change as well as the value-for-money definition change.

A third one was the—

The Chair (Ms. Cheri DiNovo): I'm sorry, Mr. Natyshak; I'm sorry, Deputy. Your time is up.

We're going to move now to the government side. Mr. Dong.

Mr. Han Dong: Thank you, Madam Chair. First of all, I would like to congratulate the minister for yet another very successful trade mission to China. I had a chance to witness first-hand how hard Team Ontario worked to attract further investments in this province, including the good work by the ministry staff and the staff of the consulate locally and also the business delegates who came along with the team.

Also, I noticed how important it is to build and maintain a good relationship with local governments and business leaders and how that improves the chances of investment here in this great province.

I want to bring the question to a local level. I remember, last year, in this same committee, that there were questions about the MaRS building—this was actually on the west tower. There were questions, specifically, on the tenancy of that building. You were quite confident, in front of the committee, that it will be leased up fairly soon.

I noticed that recently there have been good stories coming out of MaRS. Organizations like Facebook, Airbnb, JLABS—there has been very exciting news. I get questions on the street from constituents, asking about updates on MaRS. So could you please update the committee on the lease-up rate of the west building of MaRS?

Hon. Brad Duguid: I'll have an even better update for you tomorrow because there's more good news being

announced tomorrow at MaRS, which I can't get into details about today. This is a story, I think, in many ways, of redemption for the government members when it comes to sticking by an initiative that was tough politics but good public policy.

It's an issue where every kind of misinformation you could possibly think of was thrown about in many different places about this project. It became a political football. I think a lot of governments would have just said, "It's not worth the hassle. Let's just walk away from it." That was the advice of both parties opposite: "Just walk away. Let phase 2 of MaRS rot in the ground."

We didn't look at it that way. If we thought that that was in the public interest, you know what? That's what we would have done, but we didn't. We said, "We know this is not easy, but let's get the best advice that we can possibly get." So we went out and we got Carol Stephenson and Michael Nobrega to take a look at this, to see: What's the best thing we could do in the public interest? Forget the politics; what's the best thing we can do in the public interest to ensure (1) that the loan that was provided to MaRS would repaid—that's our first concern; and (2) almost as important, that our innovation agenda would be well served, that our efforts to continue to be a leader in bioscience in particular and innovation in general would be well-served as well?

Really, the advice we got from Michael Nobrega was, "This is not a bad project. It is not a project that's off the rails. It's a project that, right now, is cash-starved. It needs a little bit more of a loan to stabilize its financing, at which time it will provide a significant return. There is an ample market to fill up that tower if you have the political courage to go through the slings and arrows of opposition accusations and the torquing that goes on, sometimes, with these issues."

1720

Thankfully, we had a Premier who felt very strongly that sometimes you have to take political heat to make something really good happen. Today, as we speak, MaRS's strength has been doubled, with phase 2 now up and constructed. It is now very close to being fully tenanted—the key is, with tenants that are exactly the tenants that we set out to attract.

We didn't take a short-term solution and say, "Let's just fill the damn building as quickly as we can so we can get our money back and get out of this thing." We took a very deliberate approach. We got really good people around it to attract the kind of bioscience ecosystem that we wanted to attract.

You mentioned JLABS as an example of that. That's like the motor that you're putting in to bring in small start-ups and researchers and to churn out businesses using the big Johnson and Johnson global network, but inviting all other businesses in that sector to also be able to enjoy the fruits of the JLABS opportunity. That's the kind of thing that really helped. Getting U of T as a partner, which is the sixth-rated publicly funded university in the world: absolutely crucial, and helpful to increasing the credibility around the entire project.

I would say that that stands as a stunning example of what you can achieve as a government if you have the courage to be able to do what's right, take the political heat and—you were at this committee. You remember some of the challenges that we had here, some of the ridiculous accusations that we had to endure about the status of that project. At that time we weren't in a position to be able to guarantee anything, but we were going to try like hell to make it work. We did, we succeeded, and Ontario taxpayers are the better for it. Their loan will be paid back, we expect, much earlier than originally anticipated, in full, with interest. Thousands of jobs are being created as a result of our courage to stand up to those opposition attacks.

More importantly, our bioscience sector: I can tell you, in the travels that I've made, innovation is the key right now to building that strong economy in the future, and we've just doubled our capacity for innovation in bioscience as a result of those investments.

That's a good-news story for Ontario, and I think we have a right as a government to not be afraid to take some credit—not because we thought of MaRS; it wasn't our original idea. MaRS was there when we came in to government and we grew it, but we could have taken the easy way out and we chose not to. The result is that Ontario, for many years to come, is going to be a global player in bioscience. It happens to be right in your riding, which is maybe one of the reasons why you asked me that question.

Mr. Han Dong: Congratulations on the work done on this particular file. You mentioned the political heat that the government took on this file. I remember that there were weeks of questioning during question period—and some of the tough questions and comments that took place at this committee.

Sometimes a file will stretch past one minister and into a second and third minister, but being the same minister on this file to see us through, and to see the positive results coming out, is quite rewarding.

Hon. Brad Duguid: Actually, ironically I was the same minister with different ministries, so the file—I just couldn't shake it.

Mr. Han Dong: I look forward to your announcement tomorrow, and to celebrate with you.

Hon. Brad Duguid: On top of that, I'm going to share with you because I think it's important—the tenants that are there now: I don't know if we've ever publicly put them all out together. There's one very significant one to be added tomorrow that I'm really excited about.

You've got the Ontario Institute for Cancer Research; you've got Public Health Ontario; you've got the University of Toronto; you've got Janssen through JLABS, which is the exciting project we talked about; and you've got the University Health Network.

Many of those, with the exception of Janssen, were original—U of T not being one—but they're very much anchor tenants. You've got Ryerson there now; you've got Facebook; you've got RBC that has some retail space there; Synaptive, just a burgeoning Ontario success story

that started, I guess, as a start-up and is building up and scaling up now out of U of T. It's got potential to do great things. You've got League, what was another start-up that's now scaling—Emerald Technology Ventures. Love Energy Consultants: That one I don't know about, but I'll leave that one to the deputy to explain.

I've got Rethink Sustainability, CTR Inc., Intelligent Office, MaRS Innovation, Ontario Genomics Institute—a huge area of disruption in our economy. It's probably one of the six areas in global disruption and in health care. It's awesome that Ontario is a centre of excellence on genomics research, and the Ontario Genomics Institute being there is crucial. There's also Ontario Strategy for Patient-Oriented Research SUPPORT Unit, the Institute for Diagnostic Imaging Research, Clinical Trials Ontario, Teknion and Kindred, just to name a few.

It's the exact mix of tenants that we set out to do. There are some institutional tenants there, which you need to have in those hubs, because those institutions are often where the research is done, but you've got a lot of business start-ups there as well. So it's a really, really successful combination.

Mr. Han Dong: While doing the trip, we noticed that there were a lot of foreign investors who were interested in investing in high-tech, good ideas and coming in with capital. I think MaRS helps to meet that demand, providing basically a Rolodex of high-tech companies that are doing very well with their research capacity. So I'm very happy with the long list. I hope this is going to grow in the near future.

Chair, how much time do we have?

The Chair (Ms. Cheri DiNovo): About eight minutes.

Mr. Han Dong: Eight minutes? Okay. I'll pass it on to my colleague for further questioning.

The Chair (Ms. Cheri DiNovo): Mr. Crack.

Mr. Grant Crack: Hello, Minister. How are you?

Hon. Brad Duguid: I see you, Mr. Crack.

Mr. Grant Crack: Good. I guess I'll start off by congratulating you on the great work that you've done since I've had the privilege of knowing you first-hand after being elected in 2011, but particularly in your file as Minister of Economic Development. That's the one that is very valuable to me. Of course, infrastructure is as well; I'll be talking about that in a minute.

I can tell you that in my riding of Glengarry—Prescott—Russell, with regard to the eastern Ontario economic development fund, there have been a number of companies that have benefited from that particular fund and are continuing to grow. Just recently, I had the opportunity to be able to call one in the village of Vars, who is a recipient of the Eastern Ontario Development Fund. Perhaps in the future, if you had time, maybe we could come back to my riding and do a little tour of one of our favorite places as well, because they're expanding quite rapidly. I'm sure you know the particular enterprise.

Hon. Brad Duguid: Go ahead and say it.

Mr. Grant Crack: Beau's beer—Beau's brewery.

Hon. Brad Duguid: Beau's brewery.

Interjection: Never heard of it.

Hon. Brad Duguid: A great brewery.

Mr. Grant Crack: It is a great one.

I want to thank you for all the work that you do on that and your commitment to that particular file, because it does grow the economies of our smaller communities in eastern Ontario. I look forward to hearing some more good news regarding that program.

I'm going to ask you about the Infrastructure Ontario loan program. That has been quite successful as well since its inception in 2003. I know that my colleague from Kingston here—she's not with us at this point; I wish she would have been—received almost \$10 million through the Infrastructure Ontario loan program for the construction of a new police station. That's great news.

1730

I can get into some detail here with the question, but perhaps you could just explain to the members of the committee some of the details of the loan program and some of the successes that we've had with that particular program?

Hon. Brad Duguid: This is a program that is probably not that broadly known by Ontarians. Municipalities know it very well, but it's not one that has tended to get a great deal of press or publicity. But actually, since 2003, it's seen about \$7.4 billion in loans allocated to over 1,000 projects—

The Chair (Ms. Cheri DiNovo): Just to let you know, Mr. Crack, you have about five minutes left.

Mr. Grant Crack: Thank you, Madam Chair.

Hon. Brad Duguid:—which is a total value altogether of \$12 billion that has been accrued from these investments. The loans are paid back, but they help municipalities in terms of getting access to funds. Municipalities, by and large, have taken great advantage of them.

The program over time has evolved. It has been opened up to other organizations, non-profit groups and things like that, to be used to help non-profit groups make investments. I think generally—in fact, almost entirely—in capital.

I would say this about the program: Infrastructure Ontario recently, I think, was—the Provincial Auditor looked at the program and gave them a pretty good bill of health. They're doing what they ought to be doing; they are diligent in their reviews of the applications that come forward. I think there's always going to be one or two—in fact, there is only one or two, out of the 1,700 or so loans that have gone out, that have been at risk. I'm not aware of any that have defaulted, but there are always a few that sometimes will be at risk.

Interjection.

Hon. Brad Duguid: We've had one default. Okay. We've had one default in all.

Generally, what happens when it's at risk is that an organization will be given a loan based on what they identify as a revenue source that they expect will be realistic, and they find out that that revenue source doesn't come through as much as they had anticipated,

and over time the organization has some challenges. That's when we get into situations—and we've only got a couple of examples of that. We then work with the group, because they are good investments in community infrastructure, which is important.

It's a program that has served us well. It continues to serve us well. Infrastructure Ontario has administered the program exceptionally well and will continue to ensure that that kind of resource is available, again, mainly to municipalities, but also open to community organizations that deem this kind of service helpful to them.

Mr. Grant Crack: Excellent. I know also, Minister, that one of my municipalities in my riding is looking at the Infrastructure Ontario loan program as something that would enable them to continue to grow and expand their municipality through new development, so I'm watching the file closely.

I know we have a couple of minutes left. Is there anything that you would like to add with regard to that wonderful trip that you just took overseas? I know my colleague Mr. Dong—

Mr. Chris Ballard: Tell us about that car.

Mr. Grant Crack: Yes, tell us some more good things that happened over there.

Hon. Brad Duguid: I'd be happy to do that, but you know what I think would be a better use of the time right now? Referring to something that's of interest to your municipalities.

One of the things we've learned is to listen very carefully to those that we're funding. Municipalities want stable funding for their infrastructure projects. They want a little more flexibility, and we're not entirely there yet, but we're moving to more formula-based funding on our programs. About half of our current program with municipalities is formula-based; the other part is application-based. We're willing to look at ways to enhance that and increase that. We've indicated we're committed to doing that over time. Our municipalities have responded with 90% of them having those asset management plans, which is really good.

The other thing it gives municipalities like yours—and I think of particular projects in your area. Sometimes they're very significant in terms of the ask. The amount that's required to do a major infrastructure program just outpaces the ability of these municipal-provincial infrastructure programs to pay. I think you have one that would have taken something like 30% of the overall provincial program had we been able to fund it. It wasn't that it was a bad project; it's just that the amount was beyond our ability.

So we want to look at ways in the future of giving municipalities some greater opportunity to stack some of their funding they get, if need be, if that's their top priority, so that we're funding what is the community's first need rather than what traditionally federal and provincial governments have done, and that's to fund the programs that happen to be our priorities at the time. We've listened carefully to AMO on that and other municipalities. I've spoken to mayors from some—

The Chair (Ms. Cheri DiNovo): I'm sorry, Mr. Crack; your time is up.

We will now move to the official opposition. Mr. Harris.

Mr. Michael Harris: Thank you, Chair. Minister, you're also responsible for infrastructure. This past September, we read some disturbing allegations that were brought forth about a former senior executive at Infrastructure Ontario who was implicated in a false-invoice kickback scheme with York University. When asked about this in the Legislature, you confirmed that you were in fact aware of the situation and that you had appointed an independent law firm to review the former employee's tenure, and also an audit firm to review transactions during the period of interest. You yourself said you were retaining a third-party adviser. I'm wondering if you can tell the committee today whether these external reviews have in fact been completed.

Hon. Brad Duguid: I can tell you that they haven't been completed as of yet. They're still ongoing. I would hesitate, I think, to intervene in any way to direct Infrastructure Ontario and their legal review and their accounting review that they're doing or the third-party adviser that I put in place to oversee the process in terms of asking them to speed it up. We want a thorough review. I expect there's a fair amount for them to look at in terms of accounting and that kind of thing: transactions that have taken place while this individual was in the employ of Infrastructure Ontario. I can tell you that our third-party adviser is in place.

Mr. Michael Harris: What parameters do you have or what are you hoping to get out of this with a third-party adviser?

Hon. Brad Duguid: The deputy will be able to give you the specific mandate, but I can tell you—and I'll pass it over to him to do that. We look at this as a serious issue. We had an employee at a high rank in Infrastructure Ontario who has allegedly been involved in inappropriate activity regarding contracts at York University—not in his job with Infrastructure Ontario; this is stuff that was outside of his job there, to be clear—but afterwards has been alleged to have been involved in some other activities after his time at Infrastructure Ontario. We don't know, during his time here, if there was anything untoward that happened in the course of his doing business here, but I think we ought to know. So we want to do a very thorough investigation.

The reason why I thought it was important to have a third party on behalf of myself as the minister is that internal investigations are important to get the facts, but I wanted to make sure that we couldn't be accused of just doing an internal investigation without having a third party there to give reassurance to both opposition and the public that the process that had been gone through was appropriate and to get their feedback as to whether all stones were turned to ensure it was an unfettered process—

Mr. Michael Harris: It's obvious—you use the word “alleged,” but it was an actual fact that York University

did conclude that they had been the victim of a \$1.2-million fraud. It revealed that this gentleman was in fact associated with two of the companies that received funds.

Hon. Brad Duguid: Yes.

Mr. Michael Harris: I'll let you carry on then, perhaps, with what you were saying. Sorry.

Hon. Brad Duguid: Yes, but we have to use the word "alleged" if we're talking about wrongdoing because the individual has not been charged with anything.

Mr. Michael Harris: Yes, you're right.

Hon. Brad Duguid: That's why I think we both need to use the word "alleged."

The deputy is there. Do you want to go into any more detail in terms of the mandate?

He can tell you who it is, too.

Mr. Giles Gherson: I won't go into a great deal of additional information except to say that the individual is Bill Braithwaite, William Braithwaite, who's a very seasoned and very experienced lawyer with considerable acclaim in the area of governance. That's one of his specialties.

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I think the purpose of his role—and he has colleagues working with him—is really to act as the minister's eyes and ears on the Infrastructure Ontario investigation. Given that the minister has accountability for Infrastructure Ontario and given the fact that Infrastructure Ontario launched its own internal investigation into the activities of the person in question simply to see whether there is anything beyond what was established fact that we all read about in the media—and there is no evidence that there is anything else, but as a matter of being absolutely sure, IO launched an investigation. The minister needed to have his own eyes and ears on that investigation. It's really, if you will, an overview of an overview. It's there really to ensure that, if there are issues that are more pertinent to the role of the minister—the minister's responsibilities as opposed to the specific interests of Infrastructure Ontario as a corporation—then we've got that covered through our own third party.

Mr. Michael Harris: Was Mr. Georgiou dismissed from Infrastructure Ontario or did he leave of his own accord?

Hon. Brad Duguid: The circumstances surrounding Mr. Georgiou's departure from Infrastructure Ontario: There appeared to be different views at the time of exactly how that happened, which is part of what the work that is being done—to make sure that we bring clarity to that.

Mr. Michael Harris: I'm sure you would know by now whether Mr. Georgiou was in fact dismissed or he left of his own accord. That was 2012, was it not?

Hon. Brad Duguid: I'm not conducting my own review. I'm leaving it up to those to just clarify the circumstances of his departure because there has been some discrepancy in either view, memory or information.

Mr. Michael Harris: Was there severance pay to Mr. Georgiou?

Hon. Brad Duguid: Again, I would—

Mr. Michael Harris: You either did or didn't. Was there severance pay to him or not?

Hon. Brad Duguid: I expect there was.

Mr. Michael Harris: How much?

Hon. Brad Duguid: I don't know.

Mr. Michael Harris: Can you get that to the committee?

Mr. Giles Gherson: Yes, we can provide that to the committee.

Mr. Michael Harris: Would it be typical—obviously, Infrastructure Ontario works with hospitals, like St. Mike's. St. Mike's wasn't aware of this. I'm just wondering what mechanisms you would have or didn't have to inform St. Mike's of the fact that Mr. Georgiou left Infrastructure Ontario on questionable terms.

Hon. Brad Duguid: Again, that's a valid question that we would hope we—from a policy perspective, there may be some recommendations that come out of the information we receive that might ensure that these circumstances in the future can be avoided.

When a worker in any business or government departs in one way or another, often the circumstances around that departure are kept confidential; sometimes it's part of the agreement. In this particular case, I'm not privy to the arrangements that were made. There has been some discrepancy reported among those who were there at the time, which is why we're doing the inquiry to determine—

Mr. Michael Harris: Yes, it's an unfortunate situation. With that report that you've commissioned—is it your intent to have that be made public?

Hon. Brad Duguid: I indicated at the time that that would be my intent. Anything that can and should be made public—perhaps all of it should be. We'll certainly fulfill that commitment.

Mr. Michael Harris: Good. Thank you. I'm not sure if the third party has questions on that, but I'm going to turn it over to my colleague Todd Smith, who is from eastern Ontario and may have some questions about that.

The Chair (Ms. Cheri DiNovo): Mr. Smith.

Mr. Todd Smith: Thank you, Minister, for coming to Belleville back in August. You dropped off a handsome cheque to Hanon Systems in the industrial park for, I believe, \$868,000 or so, which is great.

I know that the Eastern Ontario Development Fund used to be a \$40-million fund. Now it's a \$20-million fund. I'm just curious as to whether or not you know how much of that \$20 million has been distributed throughout eastern Ontario this year to companies who have been successful in getting those types of grants.

Hon. Brad Duguid: I think we could put our finger on that number for you. Certainly that's something we could dig up.

Mr. Todd Smith: So, I believe, in the public accounts that came out in 2014-15, of the \$20 million that was available, it was just over \$6 million that actually went to successful applicants. So there's a lot of money that's being left on the table.

I know that when the EODF was first introduced a number of years ago, it was extremely popular and extremely successful, and I heard from economic development officials in my area, those who work in that field, that they were very happy with the way that the money flowed from the EODF. It was nimble, it was there quickly when they needed it, but I think now they're hearing—or their feeling, anyway, is that the flow of money has slowed down.

I know you've been in this portfolio for a while now. Is that actually a fact? Has it slowed down, the way that the money gets from government to the successful applicants?

Hon. Brad Duguid: No. It's really the same process. There was a possibility of changing it when we brought the legislation forward, really, in agreement with the third party. In retrospect, we didn't bring that change forward, which may have made it a little bit harder. To the best of my knowledge, it's a very similar process from the beginning.

Mr. Todd Smith: So, as I said, the fund used to be \$40 million. When the Southwestern Ontario Development Fund was created, \$20 million left eastern Ontario to go to southwestern Ontario. Is that the way it worked?

Hon. Brad Duguid: No; no funding for eastern Ontario was ever lost to any applicants. On an annual basis, there's usually a budget put forward as to what may accrue; you're estimating how many applications will come out. The Eastern Ontario Development Fund—and I don't know all the reasons for this other than when the fund first came into place, I think a lot of the really good opportunities were jumped at that had been pent up, and now it's more of a steady flow. It's reduced, there's no question, in terms of the take-up of the fund.

In southwestern Ontario, it's the opposite because it's a newer fund. It's still picking up steam—I think somewhere probably to the history of the eastern Ontario fund, but I can assure you that any applicant that applies for funding and qualifies will get funding. It's just that the budgets may change from year to year, based on what we estimate the funding will be.

Mr. Todd Smith: Is it possible that we could get a list of the successful applicants, year to year? Is that something that could be submitted to the committee?

Hon. Brad Duguid: Yes, we announce them. Every time we make a funding commitment, we announce it, so we could put together that list for you.

Mr. Todd Smith: So while things have slowed down in eastern Ontario, and I know you have some questions as to why—and maybe it is because companies that have accessed the EODF in the past or those who have considered applying for the EODF have already been successful. But I know from when I talk to people in eastern Ontario who are working at various companies throughout the Quinte region and elsewhere, the reason that they're not applying is because they don't know if they're going to be able to grow because of all of the extra costs involved in doing business in Ontario these days—obviously the rising cost of electricity is a big

issue. Is that preventing people from expanding their facilities and hiring more people? Is that something that you're hearing in your ministry?

Hon. Brad Duguid: No. Across the province, in eastern Ontario, southwestern Ontario, right across the province, we're seeing growth in the economy, so companies are expanding. Productivity and production are up. There are parts of the province that were hit harder during the recession than others, and that's really the purpose of the regional economic development funds. In some parts of the province, their economies are a little slower building back up, and I think eastern Ontario was part of that, and southwestern Ontario has had some challenges. But we've seen some significant growth in all of those areas, and the fact that we have the lowest effective corporate tax rates, the fact that we are producing some of the most talented and skilled workers for these businesses, we've brought in the capital depreciation that's helping these businesses get access to capital to invest in modernization. It's a very competitive place to do business right now and continues to be.

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We're always hopeful that we'll see more applications in southwestern Ontario, but I don't think it's indicative of the economics in the region, as to what would be driving the lack of applications. A lot of the applications in eastern Ontario have come through very aggressive, I would call it, in a healthy way, economic development departments in the Belleville area and Kingston and Peterborough in particular, who have really pursued these businesses and applications.

The Chair (Ms. Cheri DiNovo): Mr. Smith, you have just under five minutes left.

Mr. Todd Smith: Thank you, Chair.

When I meet with my Quinte Manufacturers Association—and I have a very good relationship and meet with them quite often—and the Belleville and District Chamber of Commerce and the Prince Edward county chamber of commerce, which doesn't have a large manufacturing sector, more of a retail-sales-type sector, everyone is telling me that the reason they are not growing is because of the cost of doing business in Ontario. The rising cost of electricity is making it extremely difficult for them to convince their head office, especially in the manufacturing sector, that Ontario is a jurisdiction worth continuing to invest in. They obviously want to continue to work in the Belleville and Quinte area and eastern Ontario because they like the way of life here; however, they are getting pressure from their head office, whether it's in Mexico or the Carolinas or wherever it might be, about continuing to invest in Ontario.

Then there's the other part of the equation, which is the incoming payroll tax or the cap and trade. As the Minister of Economic Development and Trade, I'm sure that you're hearing from businesses that have these types of concerns, from electricity to the cap and trade to the payroll tax. These issues must be coming up when you're meeting with potential businesses growing in Ontario.

Hon. Brad Duguid: Well, obviously I work very closely with the business community, businesses themselves and a lot of the associations, whether it's the CFIB or the Ontario Chamber of Commerce or the Toronto Region Board of Trade, and we work very hard together at finding ways to reduce the cost of doing business in Ontario. Reducing regulatory burden is a very important way that we're doing it. It's not by accident that the CFIB ranks us as one of the best provinces in the country when it comes to reducing regulatory burden. We get pretty much the top marks in the country—

Mr. Todd Smith: But it's all these other costs, Minister, that are coming in: the payroll tax, the cap and trade. The rising cost of electricity is the number one issue that I hear about. We just had a public meeting on Tuesday of last week in Belleville. The chamber of commerce hosted it, with the Ontario Chamber of Commerce. Liam McGuinty was one of the guest speakers—he maybe refers to you as Uncle Brad; I'm not sure. You would know Liam fairly well.

Hon. Brad Duguid: You're making me feel really old. He's a smart kid.

Mr. Todd Smith: I know how old your kids are.

But at this meeting the frustration and anger was actually quite palpable in the room from those who are in the manufacturing sector and the business sector because the costs of doing business are driving people out of Ontario. And those aren't my words; those feelings are being conveyed to me. When I speak in the Legislature or when I'm here at committee, I try and bring those comments to you so that if you're not hearing them, they are real comments that are out there.

Hon. Brad Duguid: Well, let's be very clear: The costs of doing business in Ontario are competitive or we wouldn't be number one in North America in attracting foreign direct investment for two years in a row. We wouldn't be up over 560,000 net new jobs.

That being said, it's very important, as we do our government business and we make our decisions and we bring in challenging new policies, that we do so in a way that's sensitive to the competitiveness of our businesses. That's why, on the cap-and-trade file, there has been an incredible amount of consultation with our business community to ensure that—and what the business community will say, by and large, is, “We know you need to do this, we know you need to address climate change, and we actually want you to bring in a process where there's some flexibility” for them in terms of how they can contribute to that, but just make sure we do it right, in a way that's not going to place any sector or businesses at a competitive disadvantage. So we're being very careful as we move forward in consultation with business on that.

Mr. Todd Smith: They feel like they're at a competitive disadvantage; I can tell you that. Of the dozens of businesses that were in the room on Tuesday, that was the feeling that came through loud and clear at that meeting.

Let me just ask you, back with the Eastern Ontario—

Hon. Brad Duguid: These are the same businesses that have the lowest effective corporate tax rate in North America, and I'm sure you would share that with them as well.

Mr. Todd Smith: Yes, but all those other costs are so high—you know, the highest cost of electricity. Anyway—

Hon. Brad Duguid: Well, we're not the highest cost of electricity either.

Mr. Todd Smith: Let me go back to the EODF.

The Chair (Ms. Cheri DiNovo): I'm afraid, Mr. Smith, you are—

Mr. Todd Smith: Out of time.

The Chair (Ms. Cheri DiNovo): —now out of time, yes. In fact, we are adjourned until tomorrow at 3:45.

The committee adjourned at 1755.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is crucial for ensuring transparency and accountability in the organization's operations. The text also mentions that proper record-keeping is essential for identifying trends and making informed decisions.

2. The second part of the document outlines the various methods used to collect and analyze data. It describes how different types of information are gathered, such as through surveys, interviews, and observations. The analysis process is then detailed, showing how the collected data is processed and interpreted to draw meaningful conclusions.

3. The third part of the document focuses on the application of the findings. It explains how the insights gained from the data analysis are used to inform strategic planning and decision-making. The text also discusses the importance of communicating these findings effectively to the relevant stakeholders within the organization.

4. The fourth part of the document addresses the challenges and limitations of the research process. It acknowledges that there are always potential biases and errors in data collection and analysis. However, it also highlights the steps taken to minimize these risks and ensure the reliability of the results.

5. The final part of the document provides a summary of the key findings and conclusions. It reiterates the importance of the research and the value of the insights gained. The text also offers recommendations for future research and improvements to the current process.

Table 1: Summary of Key Findings			
Category	Findings	Implications	Recommendations
Financial Performance	Revenue increased by 15% over the last year.	Positive growth in sales.	Continue current marketing strategies.
Operational Efficiency	Production costs decreased by 10%.	Improved cost management.	Implement lean manufacturing principles.
Customer Satisfaction	Survey scores improved from 75 to 85.	Enhanced customer experience.	Focus on product quality and service.
Employee Engagement	Retention rate increased by 5%.	Higher morale and productivity.	Invest in employee training and development.
Market Share	Competitor analysis shows a 2% increase.	Strong competitive position.	Monitor market trends and competitor activities.

Table 2: Detailed Data Analysis			
Variable	Q1	Q2	Q3
Sales Volume	1200	1350	1400
Profit Margin	25%	28%	30%
Customer Retention	80%	82%	85%
Employee Turnover	10%	8%	7%
Market Growth	5%	6%	7%

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Mercredi 18 novembre 2015

Standing Committee on Estimates

Ministry of Economic
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and Infrastructure

Comité permanent des budgets des dépenses

Ministère du Développement
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 18 November 2015

Mercredi 18 novembre 2015

*The committee met at 1600 in room 151.*MINISTRY OF ECONOMIC
DEVELOPMENT, EMPLOYMENT
AND INFRASTRUCTURE

The Chair (Ms. Cheri DiNovo): Good afternoon, members. We are here to resume consideration of the estimates of the Ministry of Economic Development, Employment and Infrastructure/Ministry of Research and Innovation. There is a total of four hours and six minutes remaining.

Before we resume consideration of the estimates, Minister, do you have any answers to outstanding questions from yesterday that you would like to be distributed by the Clerk?

Hon. Brad Duguid: I don't believe that we do, but I'll ask the deputy if he has anything that he has put together overnight.

Mr. Giles Gherson: We have some clarifications to some of the questions. Perhaps I could read them into the record, and then if we have something to distribute, we could do that.

The Chair (Ms. Cheri DiNovo): Sure. Do you want to read them into the record, then?

Mr. Giles Gherson: Sure, I'll do that.

The Chair (Ms. Cheri DiNovo): Do you want to just announce your name into the microphone?

Mr. Giles Gherson: Yes. I'm Giles Gherson, deputy minister, economic development.

There was a question around the Navistar investment, and I think there was some question as to what took place there. The answer was that there was a commitment, as the minister stated, to Navistar back in 2004, so it went back a number of years. It was a total project investment of \$268.8 million. The federal government also made a commitment to that project. Navistar did shut its plant later, and there was a settlement. We can't disclose that settlement, but there was a settlement. I think there was a question as to whether there had been a settlement in that case, and the answer is that there was.

There was a question as to how many other investments we have clawed back. This would go over the last five years and a whole series of different business support funds. As you know, the Jobs and Prosperity Fund is the latest of a series. There was, previous to that, the Next Generation of Jobs Fund, and prior to that, there was the

Strategic Jobs and Investment Fund. Each of those funds—not including the Jobs and Prosperity Fund—but the Eastern Ontario Development Fund has had seven repayments over time, amounting to about \$420,000. It's not a lot, given the size of the fund. The Next Generation of Jobs Fund has had four repayments, for a total of \$1.22 million. The Southwestern Ontario Development Fund has had two repayments, for a total of \$210,000. The Strategic Jobs and Investment Fund has had three repayments, for a total of \$2.53 million. That's the total.

The Chair (Ms. Cheri DiNovo): Is that it?

Mr. Giles Gherson: That's it. It amounts to about \$4.5 million out of several hundred million dollars invested.

The Chair (Ms. Cheri DiNovo): Are there any other answers, or are you done?

Mr. Giles Gherson: There was a question about the footprint reduction for government-owned realty in Toronto, and the answer is that we've reached about 41% of the goal to reduce a million square feet, so that's about 410,000 square feet as of April 1 of this year. We've reached 90% of the goal outside the GTA. So that's 266,000 square feet that have been reduced outside the GTA.

The last question, I think, that we did not provide an answer to was about how much funding we have provided through the EODF. The answer is, during 2014-15, we've announced support to six projects, with a total investment of \$3.4 million. Since the fund was established in 2008, the government has invested more than \$70 million in over 145 projects, leveraging a total investment of approximately \$700 million. These investments have created over 3,000 jobs. That was the total.

The Chair (Ms. Cheri DiNovo): Thank you, Deputy. Now we go to the third party for 20 minutes. Mr. Natyshak.

Mr. Taras Natyshak: Thank you, Minister, for being here again today, and to Deputy Minister Gherson, thank you very much. Thanks for the clarification as well on those outstanding questions.

I'm going to ask specifically about the Infrastructure Ontario file as it relates to the Auditor General's report on AFP. So IO and the lands corporation have roughly a \$68-million operating expense, and I just want to understand a little bit more about what IO does. What percentage of infrastructure projects under Infrastructure Ontario use the AFP model or approach?

Hon. Brad Duguid: Sure. The deputy will be able to share with you more precise numbers on that.

We have looked at that. I've seen those numbers, and if I recall, we do tens of thousands of projects virtually every year and the amount that are AFP are a very small proportion of that at the end of the day, but they tend to be the bigger projects. Right? We do a lot of smaller projects across the province. A lot of municipal projects and things like that aren't suited to an AFP process.

I think one of the helpful recommendations in the Auditor General's report was really asking IO to take another look at how you analyze what projects are more appropriate under the AFP process and which are not. Are we weeding those out in a logical, rational, consistent way? IO has taken a close look at that and determined that there continue to be times when the AFP process is appropriate, but there are times when it's not the best mechanism. There's no really great incentive for IO to do one or the other, but we want to make sure that they're making their decisions based on what's in the public interest.

The deputy may have those numbers by now.

Mr. Giles Gherson: I'm just checking for those numbers. What the minister said is the case—until this year, until actually fairly recently, and the Auditor General's report played a role in this—in terms of the threshold for looking at AFP projects, which was \$50 million and the degree of complexity that was looked at as well. This year, that's changed to \$100 million, but it's also fair to say that as the portfolio shifts from structures, like hospitals, courthouses, detention centres, those kinds of things, towards transportation, that being transit, more highways, those kinds of things, those are much larger projects and so you could imagine that the opportunity to consider AFP will be larger. It doesn't mean to say in all these cases it will be AFP, but there's an inclination to look very seriously at AFP for very large projects because of the transfer of risk and the fact that most of those AFP projects are designed, built, financed and maintained, maintenance being an important part of the transfer of risk. What it means is, you've got a fixed price for the 40-year contract, for the 40-year term of that structure where the maintenance will be kept by the contractor, not on the public purse. That's probably the biggest incentive to using AFP for large, complex projects.

I think you probably heard that often there's a degree of innovation that's built into those projects by the contractor that wasn't necessarily looked for in the RFP. Contractors then say, "Well, if we're going to be responsible for the maintenance of these structures, how do we build resilience into the structure so that we don't have to pay so much for maintenance?" So that's why you're getting that shift.

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Mr. Taras Natyshak: Sorry, I'm just going to stop you because I've got a whole list of questions here.

You touched on the innovation side. In 2014, Infrastructure Ontario was said to be adding an innovation adjustment of up to 13.3% of the base cost of public

sector delivery. Have you gone through that exercise? Have you implemented a 13.3% adjustment based on innovation? Can you explain where that came from and can you tell us how you measure that?

The Auditor General said that this adjustment makes the assumption that private sector bidders are containing costs through value-added innovations. She rightfully points out that these could be due to a number of other factors, such as overly generous budget estimates and changing market conditions. In that context, through the AG's comments, can you make comment on the 13.3% innovation adjustment?

Mr. Giles Gherson: IO has looked very hard at the innovation adjustment over the past year. IO was asked, really, by the Auditor General to take a close look at it and to review it and to see whether it was warranted. She had some questions around the data. So in the last year, IO has gone back and published a report fairly recently—and, I believe, given it to the Auditor General—to substantiate the adjustment. In fact, my recollection is that the adjustment was somewhat larger than the adjustment that was cited last year.

The questions that were raised about whether in fact there were inflated numbers, so that the adjustment in a sense masked an inflated number, were dealt with, I think, by IO at public accounts this year, where they showed that there was a significant amount of competition in each of these projects and that the competition was bringing the price down. They were able to demonstrate—and have demonstrated, I believe, to the Auditor General—that the average price has come down. When you look at the price of winning bids, they tend to be about 70% of the average bid. So you've got quite a few bidders on these projects and you've got international bidders, usually, as well as—

Mr. Taras Natyshak: Can you say that again? The winning bid tends to be 70%—

Mr. Giles Gherson: Seventy per cent of the average bid.

Mr. Taras Natyshak: Seventy per cent of the average.

Mr. Giles Gherson: Which is to say, then, that you're choosing a low bid, obviously. But that's what you would get in a highly competitive process. I think the answer to the question raised by the Auditor General is that there is a lot of competition on these very large projects. As a result, that does bring down the price and then you get the adjustment for innovation.

Mr. Taras Natyshak: You're bringing me all over the map here in terms of my line of questioning. You're messing up my line of questioning.

Mr. Giles Gherson: I apologize, sir.

Hon. Brad Duguid: He's giving you way too much information.

Mr. Taras Natyshak: You really are.

Low bidder: You mentioned it. According to the AG's report, a number of Infrastructure Ontario projects were awarded to the lowest bidder, as you just mentioned, but had met only the minimum technical design requirements. Those submissions that were passed over had

significantly exceeded the project's minimum technical design requirements. So are you getting what you pay for in terms of technical design, and are you getting the minimum standards when you head towards a low bid? Does that warrant the 13.3% adjustment when you know, at the end, you're not actually getting the highest standards? Could you comment on that? In practice, is there more emphasis placed on cost at the end of the day rather than the quality, and then what is the way in between those two components?

Mr. Giles Gherson: I don't think there's any evidence to show that, beyond the allegation that you've just made—

Mr. Taras Natyshak: It's not an allegation; it was a report—

Mr. Giles Gherson: Okay—beyond the statement that these are only just meeting technical requirements. Technical requirements are pretty high. But I think the real answer to the question is in the innovation component. As I stated earlier, the fact that these projects are designed, financed, built and maintained—again, with the emphasis on “maintained”—over the 40-year life of the project puts a real premium on the durability of the project, of the structure, because if that's not done, it's not going to be the government or the public owner that is going to be required to pay for flaws in design or poor structure or lack of technical merit; it's going to be the contractor. It will come out of the contractor's pocket. So the contractor has a built-in incentive to meet the highest standards; otherwise, they'll pay to remediate any weakness.

That really is the virtue of the AFP process. It gives the government, or the public—the taxpayer—a guarantee of price, which you don't get with traditional build. With traditional build, the risk is all on the taxpayer if there are deficiencies or weaknesses or maintenance concerns.

Mr. Taras Natyshak: To the point of risk, in some cases a risk cost that a project's value-for-money assessment assumes that would have been transferred to the private sector contractor was not actually transferred. Private sector contractors were paid millions for risks they didn't actually assume, in some of these cases. For example, costs associated with permit approvals are considered to be a responsibility of the AFP contractor; however, the AG discovered that these costs are shared between the contractor and the province according to AFP agreements. Has that specific problem, in terms of the risk, associated or shared, been fixed? Have you made consideration for that, and are there any other inconsistencies that follow that same trend?

Mr. Giles Gherson: I think the significant risk—the lion's share of the risk—that's been transferred to the contractor is the 40-year life cycle maintenance risk. We all know that buildings require significant maintenance over time, as do other structures—roads—and if the contractor is going to pay for all of that, it's a bit like an insurance policy. This is all being paid for up front. That's the risk that's being transferred, and it's difficult to

know at this point in time—the point you just made—how much accuracy it actually would have, because most of these projects are still fairly new.

We'll only really know in 40 years' time what the answer to your question is. But I will come back—the minister will come back—and offer you the answer. But to be honest, without being frivolous about it, it is difficult to know. It's like any insurance policy: You look at the risk, you assess the risk based on what you know about past performance in public infrastructure, you make a calculation as to who is going to assume that and you pay a price for that.

Hon. Brad Duguid: I'd add to that to say that an AFP is not always the best way to go, but on some of these projects it is. In particular, when there is that maintenance risk down the road, there's a built-in incentive. If the person building the building, or whatever they are building, has a stake in the long-term maintenance of it, they're less likely to take shortcuts. They're less likely to do things that might look fine cosmetically and get your approval and your payment and then out the door they go, and they're more likely to take the time to think about the implementation and the construction and the material they're using and all of that stuff. They're much more likely to be innovative, in terms of how they build the building and the materials they use, than they would if it was just a straight contract. Generally, a contractor would do as much as they need to do to comply with their contract, and at the same time do as little as they need to do to make that happen so they can save dollars.

Mr. Taras Natyshak: I understand the premise; I understand the concept. And you would hope that it works as described. However, we have a glaring example where it didn't, in terms of trying to assure quality in the build, in the Windsor-Essex Parkway, right? “Girdergate,” if you recall. That's what we called it: girdergate. You probably didn't call it girdergate as the government.

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Hon. Brad Duguid: I've heard the term. I never knew what a girder was until that happened.

Mr. Taras Natyshak: You didn't know what a girder was. You do now?

Hon. Brad Duguid: I thought it was something you put around your waist.

Mr. Taras Natyshak: That's a garter, right?

Hon. Brad Duguid: Yes, that's a garter.

The Chair (Ms. Cheri DiNovo): Just to let you know, Mr. Natyshak, you have about five minutes left.

Mr. Taras Natyshak: Thank you, Chair.

Where did this go? I think we're off-track here.

Hon. Brad Duguid: I don't know.

Mr. Taras Natyshak: Minister, the girders were built in a substandard fashion using a technique that was not approved by any of the overseers, any of the parameters within the contract, and ultimately had to be removed, replaced—yes, at the cost of the contractor, but there were delays. I think it added about a six- or eight-month delay in the project overall, which means delays to

businesses that are around that area, which means delays to trade, especially at an international border.

Somewhere along the line, even though the premise is on a 30-year design, build, maintain and finance project, there are contractors that are ultimately feeling the pressure. These are subcontractors that are feeling the pressure from the conglomerates to get it done as fast as possible, and because they're parties to a massive agreement that forces them to cut as many costs as they can, they ultimately do, and we have projects that are vital to our economic prosperity that are potentially substandard. Girdergate was one of them.

Thankfully, whistleblowers informed the government and others that this was happening and we were able to catch it, but it's one glaring example. How many others exist, really, under the concrete, under the ground, where we won't find out until 30 years from now, or even sooner, that that's happening?

Hon. Brad Duguid: Well, I would suggest—not having been in the role when that particular matter was going through—that that was one of the more troubling procurements that we've probably had in recent years. I truly believe you would have gotten the same result under a traditional procurement, more than likely. However, the difference is that under a traditional procurement, taxpayers would have been left holding the bag in all likelihood, whereas under the AFP, the risk, or the costs, shifted to the proponent—

Mr. Taras Natyshak: But we paid a premium for that risk under the project. That's under the agreement.

Hon. Brad Duguid: No question—

Mr. Taras Natyshak: So we still assume that risk anyway, because it happened.

Hon. Brad Duguid: Well, no. The cost of taxpayers footing the bill would have been much greater than the premium that we would have paid for that risk. This is a case where—

Mr. Taras Natyshak: Tough to say.

Hon. Brad Duguid: There's no question you pay a premium for the risk, and that's—

Mr. Taras Natyshak: Well, if I was the Minister of Infrastructure at that time I certainly would have made sure that there were oversight and accountability measures built into the project. Should it have been a traditional procurement project, we would have had ministry officials and technical standards folks on site, ready to provide the oversight to make sure that it was done within the standards and to the quality that the province of Ontario would want. AFPs allow you to sort of stand on the sidelines and hope that the conglomerates are doing it to the best of their abilities.

Hon. Brad Duguid: But you've got to keep in mind that the traditional procurement process that you seem to be so much in favour of—and there are projects where that's best; in fact, the majority of our projects are done the traditional way. Globally, only one out of 10 of those projects come in on budget—one out of 10, globally, according to a recent University of Oxford report. Our AFP—

Mr. Taras Natyshak: On traditional methods?

Hon. Brad Duguid: On traditional methods.

Mr. Taras Natyshak: How many of our traditional procurement methods come in on-budget?

Hon. Brad Duguid: About 71%, which is better than globally.

Mr. Taras Natyshak: That's seven out of 10.

Hon. Brad Duguid: But how many of our AFP projects were completed on-budget? Some 98%. It's a big difference: 98% on AFP projects, compared to 71% on traditional. We do procurement well here, and when IO was at public accounts, I think there were views on all sides that we're fortunate to have a professional organization. We've professionalized procurement, which I think helps, and we are seen as a model globally. But there's no question that the AFP model has some advantages when it comes to getting projects done on time and on budget.

It's still early. Thus far, our track record has been very good. That doesn't mean there's not room for improvement. It doesn't mean that every project should be done by AFP—

The Chair (Ms. Cheri DiNovo): I'm afraid the time is up, Mr. Natyshak.

Hon. Brad Duguid: That was a good exchange. Thank you.

The Chair (Ms. Cheri DiNovo): We are going to move now to the government side: Mr. Balkissoon.

Mr. Bas Balkissoon: Thank you, Mr. Minister and Deputy. I'm glad to have you here.

Minister, yourself, the Premier and several of my caucus colleagues had the opportunity to travel to China and meet with business leaders and other leaders in China to promote Ontario and trade interests with that particular country.

Can you give us a little bit of an update and insight as to what you did there, and what you were able to accomplish that will assist Ontario in moving forward when it comes to jobs and business as a whole?

Hon. Brad Duguid: Absolutely, and I thank you for the question. If I appear a little groggy, I am back from 19 days on the road: eight days in Japan and another 10 or 11 days, I guess, in China, the last part of it being with the Premier and the Premier's mission to China.

I'm pleased to be able to report that the results of that mission came out to about \$2.5 billion in contracts and agreements signed—over 100 contracts signed. By comparison, the Premier's initial trip to China was just over \$1 billion signed in contracts. In all, an estimate has been given to me of around 1,700 jobs that ultimately have the potential to arise from these investments.

I want to say that that's great news. There's no question that it's an indication that the mission was successful and an indication that we should continue to do that kind of outreach. But at the same time—and I've said this before—it's not like these missions are like a game show where you need to always come back with a certain amount of money, and you better come back with more the next trip than you did the trip before. It's great

when that happens. It's great when the investment dollars can be counted up in the agreements. It may well be that on the next trip, there's more in investment agreements, but it may well be that on the next trip, we focus on some different things.

Part of the trip is sowing seeds of relationships and opportunities. So you want to make sure that we don't put ourselves as a government, and subsequent governments, in a box where you have to come home with a certain dollar figure. You're always going to likely come home with some opportunities like that, but there may well be other reasons to do these trade missions beyond just the dollars you bring home.

An example would be the work that I had the privilege of doing in Japan with Ray Tanguay, our special adviser on auto. That mission was really designed to meet with high-level officials in auto and some aerospace and reassure them of Ontario's competitiveness and talk about the perception of low-wage jurisdictions like Mexico—and Ontario, and advise them of just how competitive we are, that it's not just about a low-wage and a low-standard environment; that there are other things, when you look at the big picture, that you have to consider.

For instance, in Ontario, we have a health care system that provides a tremendous benefit to businesses. I think Ray Tanguay—and I might have the figure not exactly right, but I think it's around a \$500-per-vehicle cost advantage because of our health care system alone, compared to the United States and the system that they have and the cost to businesses down there. That's a significant cost advantage. I think, in the past, we haven't included the all-in costs, and sometimes, auto companies and supply chain companies haven't considered those costs.

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The availability of talent is another area where our competitiveness now is almost second to none, when it comes to technologies around the auto sector: the connected car, the driverless vehicles, lightweighting of vehicles, fuel cell technology, sensor development, artificial intelligence development. We're fast becoming a global player in all of these areas, and when you combine that with our expertise in auto, it's a tremendous place to manufacture cars; in particular, higher-end vehicles—which is more becoming our sweet spot—that require a greater level of ingenuity, creativity, innovation as they come through the line.

Most of the Japan trip was spent meeting with presidents, CEOs and chairmen. Fortunately, we had audiences, by and large, with a level of folks that high; with not only Toyota and Honda, but Subaru, where I had an opportunity to try out one of their automated cars and the sensors and actually experience it for myself—a little bit of an unnerving experience, but it worked, thankfully—and then a whole series of auto supply chain companies, many actively doing business in Ontario and some looking to do business in Ontario.

Then we hit up a number of aerospace companies, many of which are moving to our fast-growing aerospace

sector here in this province—that is another really good economic success story for us—and preaching very much the same types of messages.

So that mission was more to reassure companies that are invested here or are planning to invest here of our competitiveness, and reassure them that their decisions are good decisions to be here and, if anything, they should be looking to expand. It wasn't a mission where we were trying to sign as many agreements as we could and bring back as much new investment as we could, although we certainly will always welcome that.

The China trip, on the other hand, was an opportunity to bring a very significant number of stakeholders with us: post-secondary stakeholders, research and innovation stakeholders, private sector stakeholders, some start-ups, and utilize our ability to open doors for them, both with government officials in China—which is an important part of doing business there—as well as potential partners, either institutional or private sector partners, in China, for them to match up with. That's where we saw that great deal of success, the \$2.5 billion in opportunities.

I don't know, Mr. Balkissoon, if you have other follow-up questions now, but I've got a lot more I can add to that and—

Mr. Bas Balkissoon: No, keep on going.

Hon. Brad Duguid: Okay. I just wanted to make sure you didn't have a supplementary that you wanted to ask me.

I'm going to share with you examples of some of the specific agreements that we made. Often, we talk in generalities and big figures like \$2.5 billion, but there was a great diversity of companies that came with us: a number of clean tech companies—and I'll talk about some of the successes they've had. These are Ontario companies. Many of them started up through our work with the clean energy act and are now going global. It's really exciting to see.

We had a door company—pretty simple technology—that sells all kinds of doors, getting all kinds of business in China, which is great to see as well. I'm not sure where the science and tech alignment came for them, but we're happy to open doors. It's business and jobs and revenue here in Ontario, so that was interesting to see.

One of the more interesting agreements was one with JD.com. JD.com is like the Alibaba 2 in China, probably the second-biggest online purchasing company, a multi-billion dollar company. We signed a \$100-million agreement with JD.com to purchase Canadian produce and provide business services to Canadian enterprises in the Chinese e-commerce market. That opportunity began when Minister Leal travelled to China some time ago, met with those officials and opened the door to our agricultural companies to get into this huge market that comes online.

Our opportunity there is not so much to find partnerships with JD.com or bring them here—we've got plenty of ways to market our goods here in North America and they're welcome to come here if they choose—but the

real idea is to help ensure that Canadian companies are aware that they have access to the largest growing middle-class market in the world. What a great opportunity for our farmers and our agriculture community to get access to some of that market. I'm not the agriculture guy in our government, but markets for ginseng, which has very much replaced a lot of the tobacco industry—Minister Crack knows about ginseng.

Interjection.

Hon. Brad Duguid: No, he doesn't, but he knows about the tobacco industry that has seen, obviously, less production. Ginseng is one of the products that has replaced that. Everything from that to our icewines, which sell really well over at JD.com, and I would suggest Ontario wines in general—I would encourage Ontario wineries to look at that market, because Ontario products have a reputation of being among the safest and best-quality products in the world, particularly our agricultural products. At a time when, in certain parts of the world, including China, finding those good-quality food products is not always easy, it's a great opportunity. So that was one really interesting agreement.

There was an \$80-million agreement with China Telecom Group Best Tone Information Co. to import food and Canadian nutritional products to China. The Chinese company will also provide financial services to Wing On and jointly develop a Chinese e-commerce market with Wing On and again, JD.com, which was another good agreement.

There was another agreement with Cross-Border City Americo Wholesale to purchase \$50 million in Canadian produce over the next three years and open 30 new stores in 2016 with an Ontario produce exhibition booth in every store—again, good news for our agriculture community. Even though we focused on clean tech and science and technology, there were a lot of other sectors that we were able to help out.

CITIC Capital announced a \$100-million investment towards Paradise, which is a new proposed attraction and residential development in Niagara Falls. This development is led by China-based GR Investment company, which has purchased 484 acres of property in the Niagara region. The Niagara region is an area that has had challenges since the global recession. Its economy has been in transition. This is great news for the Niagara region. It will bring about, ultimately, brand new attractions there, which are always welcome, but also a very significant high-end residential development there that's going to be a big boost to the local economy. We expect tens of thousands of jobs could ultimately be created by this development over time.

One of the more exciting investments was Hydrogenics, which signed four certified integrator agreements to supply fuel cell technology for integration into zero-emission public transport buses in China. In aggregate, the company anticipates a market opportunity of up to \$100 million in revenue over a three- to five-year period with about \$10 million likely to flow in the first year.

This is exciting because this is yet another clean tech company that's developed here in Ontario that's now

getting access to a huge market. All over the world now, fuel cell technology is being looked at, and the bus market is an incredibly fast-growing market for this fuel cell technology. I think it's still at the baby stages in terms of its potential, but companies like Toyota are very much looking at fuel cell technology, in particular fuel cell hybrids with electric, as being really the future, and certainly the future in terms of the next 10 or 20 years or so.

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This is great: to have an Ontario company that has developed technology that's, out there marketing it and signing \$100-million-type contracts. It's great news for Ontario and for our clean tech sector.

The Chair (Ms. Cheri DiNovo): Mr. Balkissoon, you have about five minutes left.

Mr. Bas Balkissoon: Okay.

Hon. Brad Duguid: Do you want me to continue?

Mr. Bas Balkissoon: If you could touch on some of the education stuff. I'll tell you, I just got back from Regina, and reading in the newspaper there—their university, the largest population of foreign students is from China. They are actually looking at competing with other provinces. I want to know if we're in the sector at all or not.

Hon. Brad Duguid: We had a number of post-secondary institutions, as always, that attended with us. They're developing very strong ties. In fact, they're also finding opportunities to attract revenues as they market what we do probably better than anybody else in the world, and that's educate our young people here in Ontario. There were a number of types of partnerships like that.

A few interesting ones that probably didn't make the news but were very interesting: One was the Ontario Science Centre, which deals with young people and has a number of partnerships across our educational sector. They signed a \$450,000 agreement to receive exhibits and educational program consulting from the Ontario Science Centre to a Chinese group called Star Group. So they will now be marketing their expertise over in China and finding a revenue source to support an organization that—frankly, the Ontario Science Centre has been around a long time, and I think there's an effort being made to revitalize it for our young people.

The Hospital for Sick Children—one of the more exciting opportunities—formed, with a number of stakeholders, an agreement with Tianjin Economic Development Area International Cardiovascular Hospital. It's an \$8.7-million agreement to work together to enhance pediatric cardiovascular and cardiology practices. Basically, SickKids will now be getting revenues by marketing the incredible expertise that they've developed and research they've done with Chinese hospitals. In essence, our capability in health care will not only provide a revenue source for our hospital, which is important, but also be able to ensure that kids in China are stronger and healthier, which is fantastic. That may be our Premier's favourite agreement that we signed.

You asked specifically about university agreements. Most of the universities that were over there with us already have pre-existing agreements. Many of them were signing additions to that. Seneca College was over there. David Agnew was there with Seneca College. Ryerson was over there. University of Toronto: I'm not sure if they were on this. Yes, actually they were over there as well. Western University—the list goes on and on. They signed a number of agreements. In fact, all of our universities together signed an agreement with the organization that develops all of Chinese universities to create better collaboration. That's kind of what they tend to work on: collaboration on research and on student exchange, which is really good.

Mr. Balkissoon is quite right: A great opportunity for Ontario continues to be attracting some of the best and brightest students from around the world. China probably provides us with the majority of our foreign students, which benefits our universities, provides more vibrancy and diversity on our campuses and allows us to attract some of the brightest young minds from around the world to make permanent connections here in this province. Some stay, which is always good for us when they do; some go back home but maintain their ties here. Ultimately, it's amazing when you're meeting with Chinese businesspeople and government officials now, how many of them actually went to school here, or their kids are going to school here, and they feel a connection that they wouldn't otherwise feel. In fact, I can tell you there are some significant investments that we've received primarily because the businessperson making the decisions either has their kids here or wants their kids to be educated here—

The Chair (Ms. Cheri DiNovo): I'm afraid your time is up, Mr. Balkissoon.

Hon. Brad Duguid: It's a huge competitive advantage.

I thank you for those questions.

The Chair (Ms. Cheri DiNovo): We will now move on to Mr. Smith, official opposition: 20 minutes.

Mr. Todd Smith: Good afternoon, Minister. Yesterday, when the proceedings ended, we were talking about the Eastern Ontario Development Fund and the fact that that fund is now a \$20-million fund. So far, according to public accounts, just over \$6 million of that has been allocated. Actually, those are estimates that the ministry has indicated: that the EODF will spend just over \$6 million in eastern Ontario.

I'm just wondering what happens to that money that doesn't get spent. If there's \$20 million set aside and you're only spending \$6 million, what happens to that other \$14 million or so?

Hon. Brad Duguid: I'll stand corrected by the deputy, but my understanding would be that we're not permitted to carry the money or stack it, year over year, in the fund. The surplus would be considered under-spending and would be considered surplus spending within the overall budget. It doesn't stay within the ministry budget at the point, either. It's surplus to the government, overall. That's correct?

Mr. Giles Gherson: That's correct.

Mr. Todd Smith: Would the \$14 million be used for something else? It doesn't carry over year after year.

Hon. Brad Duguid: No, it doesn't carry over year after year.

Mr. Todd Smith: Do you have any idea of where we're at this year? Does it look like there are going to be some successful companies coming up that will use some of that remaining \$14 million?

Hon. Brad Duguid: It's too soon to tell because applications come in throughout the year. Some are larger than others. It's too soon to speculate on where we'd be at. I can give you a general idea in terms of the flow because I do sign these as we go. The Eastern Ontario Development Fund remains at a fairly stable flow, but I'm not anticipating that it will spend its full budget this year at this stage. You never know.

The Southwestern Ontario Development Fund has had a very strong response this year. I think that probably comes, in part, by a continued uptick in terms of the auto sector. A lot of the companies that I've seen coming forward—I'm just speaking more or less anecdotally in terms of the applications that I've seen—are supply-chain companies within the auto sector in southwestern Ontario, which is great news. I anticipate the Southwestern Ontario Development Fund being very close to its budget and potentially hitting what we budgeted for.

The deputy may have better information than that, but I think that gives you a rough idea as to where the funds are at.

Mr. Todd Smith: Yesterday, I asked if we could get a list of the successful applicants for the EODF. Do we have that list yet?

Mr. Giles Gherson: Yes, we do.

Mr. Todd Smith: Has it been circulated?

Mr. Giles Gherson: No, it hasn't been circulated yet.

Mr. Todd Smith: Okay. I'll look forward to getting that after. Thank you very much.

The most recent edition of Stats Canada's labour force survey shows that since September of last year, Ontario has lost almost 34,000 employees in Ontario. What do you make of that stat?

Hon. Brad Duguid: Well, the fact of the matter is that Ontario, since the recession, has gained 560,000 net new jobs. There's no question about that whatsoever. In fact, I can certainly share with you the job numbers that we've seen over the last 12 months. There are a number of different ways of presenting that. Last month alone, I think we were up significantly, about 30,000 jobs. We're certainly well up over the last 12 months in Ontario. Ontario is leading the country in growth; we continue to. We've seen our unemployment rate continue to drop.

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All that being said, we're not satisfied. There are still too many Ontarians looking for work, and we're going to continue to relentlessly pursue investment and relentlessly pursue opportunities to grow our economy. Our goal, as I've said in the past, is to make Ontario the easiest place in the world to do business. By comparison

to others, we've done well, but this government will not be satisfied until we see even more growth in our economy.

Mr. Todd Smith: It sounds good when you say those things, but what I'm hearing from the business community and what I'm hearing from the manufacturing sector is something entirely different: that Ontario is the most over-regulated jurisdiction. It has the highest energy prices, especially electricity costs, in North America. They're teetering on survival when they see things coming like cap and trade. They also see things like the ORPP coming down the pipe.

There's a lot of hesitation and pessimism out there amongst the businesses and the manufacturers that I talk to. I feel sorry for you because you're the economic development minister, but it seems like things are continuously being heaped in front of you that are going to make it more difficult for you in trying to attract new businesses to Ontario. Would you not agree?

Hon. Brad Duguid: Well, I appreciate your sympathy, but I don't think there has ever been a better time, to be frank, to be involved in economic development in Ontario. We've been in a continual trend of growth, which is where you want to be. Business confidence has grown considerably and continues to be—small business confidence, in CFIB surveys and others, has continued to be high, higher than it has been in the past. There's no question there are some initiatives that we've brought forward—like the Ontario pension plan, something necessary to ensure, as Ontarians grow older and as our population ages, that people don't retire in a state of poverty.

There's no question that it's a challenge for our business community, but it's one that our business stakeholders have worked very closely on to ensure that we do everything we can to mitigate that challenge. The key is to ensure that we aggressively continue to look at other offsets to any potential costs that that may bring, offsets like having the lowest effective corporate tax rate in North America, offsets like the accelerated capital depreciation, and other offsets as well that we've worked on and are continuing to aggressively pursue in terms of reducing regulatory burden, which you've mentioned earlier.

That's an area where I would say we've made some good progress. About 80,000 regulatory burdens have been reduced. That's good news. We've had round tables with businesses where we've tackled a number of important items that are of concern to them and that have been seen as a global best practice in terms of attracting and reducing regulatory burden.

And it's not Ontario—governments in general in North America are traditionally highly regulated governments. Generations of regulations have built up over the years.

Mr. Todd Smith: And Ontario seems to have the reputation as being the most over-regulated of them all, so that's not a good thing.

Hon. Brad Duguid: I think it depends on the sector you're in. But as Minister of Economic Development, I can tell you that we are passionately determined to make this the easiest province in the world in which to do business. We'll do that in a way that doesn't endanger—we've got to remember that regulations are necessary when it comes to health, safety, fairness, doing business, regulating workplaces and things like that.

What we want to do away with is unnecessary regulation, duplicative regulations or regulations that are not harmonized with other provinces, federal governments or international governments.

There is plenty of work to be done when it comes to, in particular, the work between governments.

Mr. Todd Smith: Thanks. Okay, let's just change gears here in the second half of my round of questions. We're going to focus on the MaRS building.

Hon. Brad Duguid: Excellent.

Mr. Todd Smith: I know you had some good news there, but let's get to the bottom of that as well.

Back in the 2014 general election, it was revealed that your government had decided to bail out the American investment company Alexandria Real Estate, the MaRS phase 2 developer responsible for finding tenants and running the building. This funding came on top of \$224 million, which was appropriated to the greater MaRS umbrella corporation in 2011, as well as \$3.61 million to service the company's debt, and \$16.2 million originally paid for the property.

There have been some recent announcements. There was one that I believe you made today or yesterday regarding a 3D company that's moving in there—Facebook, Johnson and Johnson. After announcing that Johnson and Johnson was financially enticed to take up residency in MaRS phase 2, you also mentioned that the building was now 70% full and would be at full capacity by the spring.

What other companies besides the ones that I've mentioned are located in the MaRS building?

Hon. Brad Duguid: I have that list somewhere here. I'm just waiting for it.

Interjection.

Hon. Brad Duguid: No, I have it here. I'll be happy to share that with you, the entire list of folks in there.

Mr. Todd Smith: That would be great. The Clerk can get that? Thanks.

Hon. Brad Duguid: But I can also tell you today that, yes, we landed Autodesk, a fantastic company, in MaRS. I was privileged to make that announcement today.

I think today I indicated beyond any shadow of a doubt that the MaRS tower 2 is now an unqualified success story. The fact of the matter is, with this investment, I believe, it's now 84% tenanted, well on the way to reaching our goal of being fully tenanted, we expect, by early next year, something that many said would not happen. It has happened.

But the beauty is that we didn't take shortcuts. We could have easily attracted any kind of office development and put it in there. The beauty is that the mix of

these tenants is exactly the mix that the MaRS vision had set out to create. That's a mix of institutional research organizations—which are absolutely crucial; that's where the researchers are—along with organizations like the cancer institute, University of Toronto, Ryerson and, just as importantly, a number of really exciting private sector tenants, Autodesk being the last one to sign in up until now but one of the more exciting ones, because they specialize in areas like supercomputing, 3D printing, areas of the Internet of Things. These are the areas where our economy has some great strengths. These are the types of tenants that we wanted to attract.

So I'm very pleased with today's announcement and where we're at with MaRS.

Mr. Todd Smith: I know that last year, when there was a lot of controversy around MaRS, you said that there would be swing space or temporary space, and that public sector workers could move into some of the MaRS phase 2 project. How much of MaRS 2 is actually being occupied by public sector employees?

Hon. Brad Duguid: Actually, I didn't say that when I was before committee last time. That was one of the options that had been presented and subsequently rejected. So, no, MaRS was never used as swing space for public sector workers. MaRS is now going to be fully tenanted with the exact tenants that we tried to attract.

Mr. Todd Smith: So no public sector employees are located at MaRS?

Hon. Brad Duguid: There are no ministry employees, but MaRS has—it depends on whether you want to consider the broader public sector. If you want to consider the broader public sector, I guess I would compare it to Boston's bioscience cluster, which is the best by far in the world, something we certainly would aspire to. Ontario does well in bioscience; we're probably ranked in the top three in North America, which is important. But just like in Boston, you would have Harvard, MIT; you would have organizations that have researchers who are publicly funded—research organizations and things like that.

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If you want to call them public sector workers, I suppose it's broader public sector; there would be employees from those organizations who would be located at MaRS. But we're not moving in ministries or anything like that.

Mr. Todd Smith: Okay. So Facebook—

The Chair (Ms. Cheri DiNovo): Mr. Smith, you have about five minutes left.

Mr. Todd Smith: Five minutes? Thank you.

Facebook announced in July, I believe, that they're moving in. They're not moving in until early 2016 is what I am understanding. Is that true?

Hon. Brad Duguid: I don't have the specifics of each of the individual leases and their exact timing, but there's a fair amount of work that goes into most of these tenants, because this isn't like just locating an office somewhere. Often lab space has to be built—

Mr. Todd Smith: So who builds that? Does the government build that? Does the company build it?

Hon. Brad Duguid: No, the government doesn't have any involvement in terms of building or the leases. We appointed an independent supervisor to oversee the leasing and tenancies, to ensure that the public interest was protected, because as you know, it's a fully protected loan, but we have a stake in this.

Those leases are between MaRS and their tenants, and there's a considerable amount of work that goes into that because often, it's building a lab. Some of them can move in in six months; some of them have a good 12 months of work that's done as they're putting their operations together, so it will take some time.

Mr. Todd Smith: So did the government offer Facebook or Johnson and Johnson money to move in, or was there some kind of carrot that was dangled or incentive that was given to these companies to move into MaRS?

Hon. Brad Duguid: No, the government has never offered any of these companies, that I'm aware of any incentives to move into MaRS. What we have done with JLABS, for instance—we've been trying to recruit them for some time now to locate in Ontario. It's a fantastic coup, because what JLABS does is it opens up to many of our start-up bioscience companies an opportunity to get incredible lab space, incredible mentoring and incredible start-up funding, but then access to the multinational Johnson and Johnson, which also opens up opportunities for these start-ups to get access to the entire global sector.

Our efforts were to get JLABS into Ontario. JLABS wisely chose MaRS as the best place for them to locate. Much to the same extent, there was actually no government support for recruiting Autodesk here. We'd been in discussions with them for some time, and Autodesk located here on their own. But JLABS is a company that we've been trying to get for some time, and an organization that we've been trying to get for some time.

Mr. Todd Smith: A report in the Toronto Star said that Queen's Park spent \$19.4 million to lure JLABS into the MaRS building. What would that \$19 million be?

Hon. Brad Duguid: What our government supports are designed to do is to ensure that as we get into negotiations to bring companies here, we don't lead with saying, "We're going to provide you with an incentive to get here." We work with them, we market Ontario—our pros, our competitiveness, our lowest effective corporate tax rate, our very generous tax credits for research and development that both federal and provincial governments provide, our talent base—we market that.

Then as we get into those discussions, we often determine, as in the case of JLABS, that there is a competing jurisdiction also competing with us, offering them in this case significantly more in incentives than we were coming to the table with. That's when we would look at, "Well, if we're going to win this business, we're going to have to step up and provide some business supports." That's when we look to the—

Mr. Todd Smith: Just before we run out of time, can we get the rental agreements? Is that possible, to get the rental agreements forwarded to the committee?

Hon. Brad Duguid: No, and I don't have them either. They're between MaRS and the tenants.

Mr. Todd Smith: But clearly government money has gone into attracting these companies to MaRS.

Hon. Brad Duguid: It's no different than the government business supports that go into attracting investments in Ford, attracting investments in bringing Ubisoft here, attracting investments in bringing Cisco here. We'll continue to try to do that.

Whether they decide to settle at MaRS or somewhere else—we encourage innovation companies to settle at MaRS, but I can tell you, with the level of tenancy uptake now, there is no real opportunity for tenants. Very soon, the door will shut—

The Chair (Ms. Cheri DiNovo): You can stop there, Minister. I'm afraid your time is up, Mr. Smith.

We move to the third party. Mr. Natyshak.

Mr. Taras Natyshak: Thank you, Chair. It's still 20-minute rotations here?

The Chair (Ms. Cheri DiNovo): Yes.

Mr. Taras Natyshak: Thank you. Back to AFPs, calculating value-for-money assessments: Since 2006, Infrastructure Ontario has conducted over 200 VFMs for next to all infrastructure projects. All of the value-for-money assessments concluded that the delivery of projects would be cheaper under the AFP approach than with the public sector. Can you tell me how that calculation is made? What's the methodology of the value-for-money audits, and have you changed any of the methodology?

Hon. Brad Duguid: That may be the subject of volumes of work. I'm not sure that it can be described at a committee. I'll let the deputy take a crack at it. That's a difficult question—

Mr. Taras Natyshak: It just strikes me as interesting that 200 value-for-money audits were done and 100% of those value-for-money audits came to the same conclusion: that all of those projects are cheaper under the AFP model. Is there a bias inherent in the methodology? It's like flipping a coin 200 times, Minister, and coming up heads every time. It's almost improbable.

Hon. Brad Duguid: Not if every decision that is made in terms of procurement is made in a thoughtful way—

Mr. Taras Natyshak: Thoughtful is one thing. You have a strict methodology in place. We can put thought into things, as sapient human beings, and come out with different conclusions. You have a methodology that's giving you the same outcome every time, time and time again, over 200 times. How is that possible?

Hon. Brad Duguid: Infrastructure Ontario has indicated, through the Auditor General's report, that they're open to scrutinizing the methods of evaluation that they do, and they've gone through a great deal of work to ensure that. Their evaluation is considered to be the best in the world. Remember, this is a fairly new way of doing projects, so we're at the pioneering cutting edge of this. They're always trying to refine their analysis as they're doing it.

That's the answer I would look for: that pretty close to 100% of the time—my expectation to IO is that they get it right. When they make a decision to go to an AFP, I would hope that's the right decision. If not, why are they

doing it? So if an analysis shows that 100% of the time when they're doing an AFP, they should be doing it, I would say that's probably good news. That would be my expectation: that 100% of the time when they make those decisions, they're making the right call.

Deputy, you may have more to add on the analysis itself.

Mr. Taras Natyshak: I'd like to know, specifically, where did that methodology come from?

Mr. Giles Gherson: There was third-party analysis. IO has hired, on several occasions, different third-party consultants to review—

Mr. Taras Natyshak: Specifically, which ones? Do you know offhand?

Mr. Giles Gherson: I can't tell you offhand—

Mr. Taras Natyshak: How many?

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Mr. Giles Gherson: I think that it has been several.

As I said earlier, subsequent to the Auditor General's report, they've done another review of the value-for-money methodology. In fact, what came out of it was—and this was another third-party review—a refinement of the innovation factor, which we were talking about earlier, because before, I think, it was less refined—the analysis—as to what the innovation factor should be. So what happened was, this past year, a third-party consultant—

Mr. Taras Natyshak: Which one?

Mr. Giles Gherson: —I can't tell you offhand, but I could get you that—reviewed the data for IO projects and—

Mr. Taras Natyshak: Can I just stop you for a second? Chair?

The Chair (Ms. Cheri DiNovo): Yes?

Mr. Taras Natyshak: My colleagues across the way are having a very intimate conversation, but I can hear it from over here. If they could just keep it down a little bit, for the sake of—

The Chair (Ms. Cheri DiNovo): No problem. If members could please keep it down.

Mr. Taras Natyshak: Thank you.

Mr. Giles Gherson: So what came out of that review was a refinement of the innovation factor, which had been considered—and as the minister said, we're into territory that is relatively innovative in the sense that you've got jurisdictions coming from literally all over world now, and a number of US states, to review and understand how IO does alternative financing and procurement, because it is viewed as highly successful around the world. What IO is doing is pushing the analysis, and part of this was at the behest of the Auditor General, to better document the innovation component of the value-for-money calculation.

In that, what they discovered was that, when you actually looked at these projects, as I was relating to you earlier—in the projects that they've looked at, they've been able to show that the contractor substantially included innovations that weren't originally thought of in the original RFP. So they've documented those, and those

innovations reduced costs and are expected to increase durability. We know why—because, as we said earlier, the contractor's going to be responsible for the maintenance of the structure, so has built in these innovations. That was the refinement that has come forward this year as a result of the Auditor General's report, and it is a documented improvement in the analysis.

Mr. Taras Natyshak: Are you planning to continue to refine the value-for-money assessment and the methodology around it? Is there any—

Mr. Giles Gherson: I don't doubt that that work will continue.

I want to come back, if I could, to a question that you raised earlier. I didn't have the answer for you.

Mr. Taras Natyshak: Just briefly, because I've got a couple more good ones I'd like to pitch to you.

Mr. Giles Gherson: Sure.

Mr. Taras Natyshak: Go ahead.

Mr. Giles Gherson: You were asking how many AFP projects had been delivered, and the answer is 80, out of several thousand projects in total, so the minister said. We have got 5,000 projects in total. The vast majority are traditional because they are, relatively speaking, smaller.

Mr. Taras Natyshak: Okay, I'm going to switch gears to a different line item here: "Formal process for managing IP rights." Through the AG's audit: IO had not implemented or developed a formal process for managing the intellectual property rights acquired in exchange for the bid fees paid to unsuccessful bidders. So the question is: Do we pay all unsuccessful bidders, and how do you determine who gets paid and who doesn't?

Hon. Brad Duguid: It's a practice for pretty near all governments that deal with procurement professionally to ensure that you continue to have a lot of competition for your bids. So the practice, generally across the board, is that you ensure that there is a method in place where your unsuccessful bidders don't come up with huge deficits in terms of losses just by bidding in your jurisdiction.

In terms of the specifics—

Interjection.

Mr. Taras Natyshak: Maybe if I can—I'll throw out my other questions. It might prompt you to clarify. How is the amount paid that we pay unsuccessful bidders determined? How much have we paid them to date? And what conditions are in place to ensure that a company doesn't just simply bid to be able to get a payout?

Hon. Brad Duguid: Well, they can't make money off it, but—go ahead, Deputy.

Mr. Giles Gherson: I'm going to go from memory, and I would be more than happy to provide you with additional information. This is actually something that IO is changing now, the structure of paying for intellectual property by unsuccessful bidders, but it's only the top—it would be the two unsuccessful bidders. It wouldn't be all of the bidders who would receive compensation.

Mr. Taras Natyshak: So there are consolation prizes.

Mr. Giles Gherson: Well, I think it had been said earlier. The cost of submitting a bid—remember, these are very large, complex projects, for the most part, so

you're talking about a very significant expense by bidders.

Mr. Taras Natyshak: Do you know the value of what we've paid out, to date?

Mr. Giles Gherson: I can't give you that—

Mr. Taras Natyshak: What's the reform that you're making?

Mr. Giles Gherson: The reform is being made. It's not by the ministry; it's by IO. They'd be better placed, honestly, to tell you this. It's in the approach to the compensation. The current structure has been to have the compensation coming out of the winning bid, from the winning bidder, to the second and third bidders, the unsuccessful bidders. It would now come out of IO, I believe. I think it would essentially come out of a fund from IO.

To be honest with you, I'm sketchy on the precise details of this, but I will endeavour—

Mr. Taras Natyshak: For clarification, the current process is that the winning bidder—a portion of that bid then goes to the payment on intellectual property—

Mr. Giles Gherson: For intellectual property.

Mr. Taras Natyshak: Then, essentially, the answer to my other question, if I'm not mistaken, of how much has been paid out is that none of it would have been paid out, because the bid—where would that money come from, other than from IO?

Hon. Brad Duguid: The current process, IO indicated, in some ways jacks up the cost. In order to get the cost out of the project, they wanted to go a different route, and that's what they have recommended by some of the changes they've made.

The tradition used to be that a bidder would also, within the cost of their bid, include the cost of providing some level of offset—it's not always 100% offset—for the other bidders.

The challenge, I think, that IO looked at—again, it has been a while since I've looked at their recommendation. Again, we don't approve the recommendation. But IO's assessment is that there would be savings involved if it were done in a different way, if it wasn't included in the cost of the project.

I don't know if that emerged out of their work with the Auditor General, or whether that emerged out of just their ongoing scrutiny of the work they do and trying to find ways to bring down the costs, in every way possible, of infrastructure projects.

Mr. Taras Natyshak: I'm going to move forward. The AG brought up that Infrastructure Ontario's monthly construction status report for each project was missing required information, like the approved budget and the number of change orders processed to date.

Who uses the monthly report, and is it used for decision-making? If so, what kind of decision-making, and would that be of all sorts: funding etc.?

Hon. Brad Duguid: I think you're getting into the weeds here a little bit. We would have to look to Infrastructure Ontario to get that level of detail. They were

just before public accounts, where those kinds of questions were asked.

Mr. Taras Natyshak: Have they updated you, obviously, on that specific recommendation through the AG's report—

Hon. Brad Duguid: I can't say that they have, but the deputy—

Mr. Giles Gherson: We can certainly find the particulars, to answer your question. But what we can say today is that IO has fulfilled all of the requests of the Auditor General.

Mr. Taras Natyshak: That answers all of these questions, then.

Mr. Giles Gherson: That's good.

Mr. Taras Natyshak: No, not exactly. It has all been done. Everything the AG recommended, you're saying essentially, all of those recommendations have been—

Hon. Brad Duguid: The moment the Auditor General's report came out, we didn't take issue with the recommendations. I did take some very vigorous issue with the way one particular part of the report was communicated because it was communicated in a way that did not include all the information.

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Mr. Taras Natyshak: Which particular part?

Hon. Brad Duguid: That's when the Auditor General talked about the costs of AFP programs and failed to include the benefits, which meant that she was only telling one side of the story with regard to that. We had anticipated—in fact, we had been assured—that that's not how it would have been communicated, but it was communicated that way, unfortunately.

Mr. Taras Natyshak: Well, let's get into that discussion, then. The benefit, through the perspective of the government, is that there is a transfer of risk. That's the biggest net benefit that the government sees through AFP projects.

The Auditor General clearly articulated and highlighted the questions around that transfer of risk: Is it actually at the same level attributed by the government? Are you putting the value of that risk at what it actually is, or is it a lump sum that you're attributing to projects that inflate the value of what they are? That will be—

The Chair (Ms. Cheri DiNovo): Mr. Natyshak, you have just under five minutes.

Mr. Taras Natyshak: Five minutes.

That will be the ongoing debate until there's more clarity built into AFP, and transparency built into the value-for-money process. There's a lot of opaqueness built into that. We don't know exactly what that methodology is; we need to know it. We don't know how it was contrived; we'd like to see that.

Hon. Brad Duguid: Actually, you do. That has been presented, and there was a detailed analysis that went into it. The figure that Infrastructure Ontario very clearly put forward was that, in all, there were savings to taxpayers of \$14 billion as a result of these AFP projects. There were costs of \$6 billion, which was an accurate

figure that the Auditor General put forward, which means there's \$8 billion overall in savings to taxpayers.

Mr. Taras Natyshak: Where is that data coming from?

Hon. Brad Duguid: That's information that came through the analysis of Infrastructure Ontario—

Mr. Taras Natyshak: That was the report entitled Track Record—

Hon. Brad Duguid: Yes.

Mr. Taras Natyshak: —and it was a report by Hanscomb.

Hon. Brad Duguid: No, hang on—

Mr. Taras Natyshak: It was financed through IO, which brings me to one last question—

Hon. Brad Duguid: No, let me add to that, because—

Mr. Taras Natyshak: Okay, but you know my next question.

Hon. Brad Duguid: I don't, but I'll leave time for it.

Mr. Taras Natyshak: Thank you.

Hon. Brad Duguid: The analysis done by Infrastructure Ontario has been backed up—and the fact that the Auditor General's reporting of this was a one-sided way to report it was backed up—by experts across the entire industry. In fact, we could not find an expert that did not take the position that IO had.

That being said, IO will continue to scrutinize the way they analyze the risk, because it's never an exact science. We have about the best analytical ability we can at the moment—it's the best in the world—but we'll continue to look for better ways to do that analysis.

Mr. Taras Natyshak: On the issue of the analysis, Infrastructure Ontario commissioned its own report, its own analysis of the AFP process. It's called the Track Record report, by Hanscomb.

Should you not be concerned that an analysis done by Infrastructure Ontario on its own performance might have an inherent bias built into it, rather than a third-party, independent, non-prejudiced Auditor General who reviews quite frankly the data?

Hon. Brad Duguid: There's no reason that Infrastructure Ontario would be more incented to do an AFP project than they would a traditional procurement project. There's no inherent incentive for them to do that. They analyze the projects as best they can, and look at what the best method is to get the best value for taxpayers, based on the project that's in front of them. So, no, I wouldn't be concerned about that. In fact, I have confidence that IO's analysis is as good as any analysis you're going to find anywhere in the world.

That doesn't mean it's perfect. It doesn't mean that there are not opportunities to improve it, because as I said earlier, a lot of what they're analyzing is stuff that's being analyzed, frankly, for the first time, which means that there could be opportunities to improve the integrity of that analysis. IO has indicated that they would continue to strive to do that, to look to global best practices.

The challenge is that most of the time, we are the global best practice. So it's a little hard for us to find other jurisdictions that are doing it better because, as the

deputy said, most of those jurisdictions today are coming here and asking us how we're doing it.

It's an area that I think requires continual effort to ensure best practices, and Infrastructure Ontario has said that during the public accounts and will continue to try to do their very best.

The Chair (Ms. Cheri DiNovo): I'm afraid, Mr. Natyshak, your time is up.

We now move to the government side. Mr. Milczyn.

Hon. Brad Duguid: Madam Chair, if I may, unfortunately I've been drinking coffee while here, and I'm just wondering if I could get a quick break?

The Chair (Ms. Cheri DiNovo): We can. Is it all right with the committee if we take a quick break? Sounds like it's a yes.

We'll be back, then, in five minutes.

The committee recessed from 1726 to 1732.

The Chair (Ms. Cheri DiNovo): Okay, everybody. Let us reconvene. Thank you.

We are now starting on the government side with Mr. Milczyn.

Mr. Peter Z. Milczyn: Thank you, Minister. It has been fascinating to listen here, in the last couple of days, on everything in your portfolio. You sound like the busiest man in government.

You and I normally talk about infrastructure and the tremendous progress we're making on that file, but today I'm actually going to ask you some questions about the economic development and employment side of your portfolio.

I've been here long enough now to almost have memorized your speech about the impact of the recession of 2008-09, how many jobs were lost in Ontario and the tremendous rebound in employment and jobs that we've seen since then—the strongest rebound of any other economy in North America, with over 500,000 net new jobs and 60,000 in manufacturing.

I'm hearing from other members about different issues in their communities. Every community is different and there are successes and failures in every community. But I just wanted to touch upon three in my riding, and maybe put that in context of the bigger issues that you're dealing with.

In my riding I have a very strong manufacturing base. Three companies in particular stand out. Blanco, which is a German company that makes kitchen sinks, has been in

Toronto and Ontario for about 20 years. Their plant in Etobicoke-Lakeshore is their main manufacturing plant for the North American market. They bring in leading-edge technology from Europe, new patents. They make their investments in Etobicoke-Lakeshore in the plant and increasing employment to export throughout North America. They're not located in Mexico or in one of the low-wage states in the US; they're in Ontario and I understand that's because they appreciate the level of education and expertise amongst employees here.

Literally next door to them, a very different kind of company: Lush cosmetics. It's a UK-based company. They located their main North American manufacturing plant in Etobicoke-Lakeshore not too many years ago. They actually source a lot of Ontario produce—fresh food—as ingredients to go into the cosmetics that they manufacture there and distribute throughout North America. At their company, employment is growing.

A very different type of manufacturing facility in my riding is the only manufacturing plant of one of the Big Three auto manufacturers left in the city of Toronto: the Fiat Chrysler plant in Etobicoke-Lakeshore, a 73-year-old plant. It is one of what they term their world-class manufacturing facilities, which means they are at the top of the food chain in the Fiat Chrysler company, doing high-pressure injection castings. This is a plant that, in 2012, had 200 employees; today, it has over 530. They've invested over \$27 million in leading-edge technology, and now they're one of the main suppliers, for their particular plants, to the Fiat Chrysler group throughout North America.

These are great success stories, and I think they are the result of a lot of the work that you're doing.

Minister, could you explain, in more detail, what our government has done—

Mr. Bas Balkissoon: Madam Chair?

The Chair (Ms. Cheri DiNovo): Yes, Mr. Balkissoon?

Mr. Bas Balkissoon: I'm wondering, because of the time—and by the time we get the vote conducted, there will be no time left to come back—if we would just move adjournment at the same time.

The Chair (Ms. Cheri DiNovo): Is it the will of the committee to move adjournment? Okay.

We are adjourned until Tuesday at 9 a.m.

The committee adjourned at 1736.

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Standing Committee on Estimates

Ministry of Economic
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and Infrastructure

Comité permanent des budgets des dépenses

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
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BUDGETS DES DÉPENSES

Tuesday 24 November 2015

Mardi 24 novembre 2015

*The committee met at 0900 in room 151.*MINISTRY OF ECONOMIC
DEVELOPMENT, EMPLOYMENT
AND INFRASTRUCTURE

The Chair (Ms. Cheri DiNovo): Good morning, members. We are here to resume consideration of the estimates of the Ministry of Economic Development, Employment and Infrastructure. There are a total of two hours and 41 minutes remaining.

Before we resume consideration of the estimates, Minister, do you have any answers to outstanding questions from last week that you'd like distributed to the committee by the Clerk?

Hon. Brad Duguid: That was in answers, but I don't think there's—is there anything outstanding? I don't believe there is that we're aware of.

The Chair (Ms. Cheri DiNovo): No?

Hon. Brad Duguid: No.

The Chair (Ms. Cheri DiNovo): Okay. When the committee adjourned last week, the government party had 16 minutes and 53 seconds left in their rotation. Mr. Dong.

Mr. Han Dong: Good morning, Minister. How are you? I'm going to be asking the first question and my question is going to be around the alternative financing and procurement model. I know that this model has been used by Infrastructure Ontario and there are, quite honestly, a few projects in my riding that were built using this model.

You previously mentioned that this public-private partnership has provided a net benefit of \$6.6 billion over 74 projects, but this model is still being criticized. It's kind of controversial. We hear criticism all the time. Why is Infrastructure Ontario continuing to support this model, and can you explain to the committee how this is affecting taxpayers in Ontario?

Hon. Brad Duguid: Thank you. I think that's a good question and one that's very worthy of discussion.

Let's start off by saying there is no reason for the government, Infrastructure Ontario or any of us to be the least bit defensive about the AFP model. As you've mentioned, it has an incredible track record for us. It is seen globally as a best practice in the world.

At the same time, let's not get into a mode of thinking that, hey, we've nailed this. We've got it 100% so that

every time we do a project, it's going to be a success. Yes, our record has been outstanding with AFP procurement in the province. I think out of 39 projects that are at full or near completion, 38 out of the 39 were done on budget. I believe 37 of the 39 were done on time. I think we're now up to—the deputy's pointing to some further stats that I don't have, but 98% of 45 projects that are now being considered so that's probably an update on the 39; 44 or 45 projects were completed on budget, and of the 45 projects, 33 of 45 or 73% were completed on time. When we say “on time,” it really means within a month of the schedule. That's what they consider to be on time in the field.

Nobody can quarrel with the success of the projects. At the same time, this is a relatively new way to do projects, and if we think we can rest on our laurels or that every project ought to be done by AFP, then that wouldn't be an appropriate way to proceed either.

We need to continue to scrutinize what we're doing. We need to continue to pay attention to what the industry says in terms of what works for them and what doesn't, because if you don't do that, you won't get the level of competition for these big infrastructure projects, which will—when there's less competition, the price will tend to go up in an RFP, and then you may not get the quality of builders you want to get for some of the infrastructure we're building. You need to ensure that the system you have works for the industry. You need to ensure, first and foremost, that it works from a financial perspective in terms of value for the investments you're making to ratepayers, to Ontarians.

You termed it as “controversy.” I don't think there was really a lot of controversy about it. There's been discussion about it, and that's healthy. There have been some who have criticized the process. We had a report from the Auditor General last year which—I had some concerns about the way one particular figure was put forward. It turned out not to be a huge public issue, but I thought if people misread the information, it could have been. That was the way that our savings were portrayed in the Auditor General's report.

I'm not saying it was intentional by any means; it was just the way it was put forward, that the Auditor General had talked about the costs of the AFP program, which I think she said were in the \$8-billion range, but failed to point out that there was about \$14 billion in overall savings. In the depths of the report, that information was

there, but it was there to be seized by a reporter who might want to put out half the story. In essence, when you take the \$14-billion savings and take away the \$8-billion cost, you're left with about \$6 billion of savings to Ontario taxpayers.

Now, the fact of the matter is that that's analysis that has been done. Where I think the Auditor General made some valid points is that she has asked Infrastructure Ontario to pay greater attention to the quality of the analysis that they're doing with these kinds of figures to ensure that the risk transfer, which is not easy to analyse—but to try to get as solid an analysis as they can on what the benefit of the risk transfer is.

We're using the best data and analysis available in the world today. We're using best practice analysis. In fact, others come here and look at the analysis we're using on these things, but that doesn't mean that we shouldn't keep trying to do even better. That was the one area in the report that I was seen as taking issue with. I wasn't so much taking issue with the Auditor General, who's doing a diligent job. It was just that I was concerned that that information might be used as one side of an argument rather than present the entire argument.

The rest of her recommendations in that report, I think to a T, we supported and embraced. Infrastructure Ontario, the deputy will tell you, has moved on all of those recommendations and has either addressed or is in the process of addressing, I believe, all of them. I recently talked to the Auditor General about that, just to determine if she's satisfied with the response and to thank her for some good recommendations that came forward.

It's important for governments, when we're dealing with things—in particular, when you're a pioneer in techniques like procurement—to do a few things. One is to keep looking for other global best practices. Keep looking at where other jurisdictions are going and what they're doing. We may be the best in the world at this today, but that doesn't mean that somebody somewhere else in the world might not be taking our ideas and making them even better. Our job is to do the best we possibly can. So that's important.

It's also important for us not to get into a shell or a defensive mode, which governments can do, because you're under attack. The opposition have their job to do, and I don't say that in any way disparagingly. They have their job to do and that's to criticize a lot of what government does and to hold us accountable.

The media do their job. Again, I'm not critical of that; that's the world we live in, the bubble we live in. You don't get a lot of positive media for the good things you do, but the little things you do that might not be seen as positive—man, it's not hard to get a headline for something like that.

I've got some good examples of that this past week and a half. Not to get off topic, but it's something that's on my mind. Yesterday, I was with the mayor of Toronto, John Tory. We brought together our Toronto-Ontario burden reduction team that we've put together, something that's never been done before in Ontario, ever.

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It's one level of government coming together seamlessly with another, through the leadership of the mayor and myself, and giving our respective governments the instruction to be very bold about looking for ways that we can reduce the regulatory burden that collectively we impose on our businesses; and, on top of that, looking at ways that we can just make government easier, the things that we do together. It's things like: We have a business call line. Toronto has a business call line; so does the province. Why do we have two, and are they in sync? If Toronto's line gets a call about a provincial issue, are they able to seamlessly refer it to our ministries and vice versa? That's one idea. There are seven or eight that we've asked them to pursue and report back on in 90 days, with results.

That's a pretty significant burden reduction initiative. It's never been done before. How much media do you think it got yesterday? Zero. I don't know if it got an article or a mention. It might have gotten something in Bloomberg—thankfully Bloomberg is following the business stuff.

That's huge. It's a huge initiative. It's going to make Toronto and Ontario a better place to do business, but it's not just about Toronto. We have Pat Vanini sitting on the panel from AMO. Her job is to say what they discover in terms of ways to reduce regulatory burden or ways to work better together or in sync and make life easier for businesses in this province. She's looking for ways to extrapolate it across other municipalities.

It's an Ontario-wide perspective, but we're diving into Toronto because Toronto is the biggest city with what I would suggest are the more established levels of regulation.

The Chair (Ms. Cheri DiNovo): Just to let you know, Minister, you have just over five minutes.

Hon. Brad Duguid: I could go on for another hour.

I know that's off topic, but it's something that's been on my mind.

It's the same with AFP. We might repeat a thousand times that we've got a 98% record of being on budget, 73% on time, with our projects. We could repeat that over and over again. That's not going to make headlines, but when one project goes overdue, that's where the reporting will be. So it leaves this perception that for the 2% of projects that have gone off base so far—I don't know if those numbers are going to hold true for the next 10 or 20 years. It's hard to say.

One of the things that I would say is that we need to be sensitive to the fact that every time you put a shovel in the ground in Ontario or anywhere in the world, there's risk. The AFP programs shift a lot of that risk—not all of it necessarily; it's a negotiation sometimes. It can shift a lot of that risk to the private sector, but you still have to pay for that risk one way or another. The beauty of having the private sector take on the risk is it removes the uncertainty to the taxpayer and puts an onus on the contractor, in particular if the contractor is designing, building and maintaining, not to take shortcuts.

In the few minutes that I have left, I'll give you a tangible example. My wife wants to replace our windows. Our windows are original to my house, and my house is probably 50 or 60 years old, so I am paying a hydro bill that's much higher than it needs to be. Our bedrooms are cold now. The windows are ready to be replaced, and they have been for years. If we were to replace those windows with single-pane windows, that would cost us a lot less at the beginning, but because we have to pay for the maintenance and the operating costs down the road, that makes no sense for us, but it would, if you're a one-time contractor coming in, just trying to get a job done and trying to get as much margin out of that job as you can. For us, double-pane windows—I don't think we can afford triple-pane windows—would be what we would put in.

But that's the kind of decision that's inherent in the AFP process, where a contractor has to think longer term, has to think maintenance, has to think operating costs. So they're not likely to take shortcuts. They might even innovate; in fact, they often will. They'll look to what is the best new insulation out there that's available, and say, "Can I reach out to some of those start-ups, innovation companies, that are producing new products so that I can maximize my margin and, at the same time, ensure that I'm putting in a product that's going to use technology to help lower maintenance costs and operating costs down the road?" There is a huge market for that, and we're good at it. We have some companies here in Ontario that are among the best innovators anywhere in the world when it comes to this stuff. That's another thing that the AFP process provides which is advantageous.

So it's not perfect. When you're doing a project, there are all kinds of things that can go wrong. Some are within the contractor's control—within the control of the contract. When that happens, we look at it and say, "Hey, maybe there's a better way we could have done that contract or that procurement." More often than not, when something goes wrong, it's often Mother Nature. Weather patterns, a bad winter, can interrupt your construction period.

When you go underground—I look at the Niagara tunnel, a fantastic project that's going to provide power to households in Ontario for hundreds of years. It's a good investment, good rate of return, but, man, the project came in well over budget, ultimately, and it wasn't really, as far as we could tell, the fault of anybody. It was because the shale rock that Big Becky was drilling in was a lot less strong than was anticipated. I'm not using technical terms. The rock was going to cave in behind Big Becky, which would have been a danger to the workers and a disaster to the project. My understanding is, they had to change the route, and they had to find a different way of doing the drilling, and they did. There was a cost to doing that. At the time, it didn't come under a great deal of scrutiny because people kind of understood it—

The Chair (Ms. Cheri DiNovo): I'm afraid, Minister, you are out of time.

We're on to the official opposition.

Mr. Todd Smith: Good morning, Minister, again. How did the Pickering Panthers make out over the weekend?

Hon. Brad Duguid: They're not doing well. They're on a bit of a losing streak right now.

Mr. Todd Smith: So are the Belleville Bearcats.

Hon. Brad Duguid: They're playing on Thursday. Maybe they'll turn it around.

Can I just say, I'm looking forward to getting back out to Trenton arena and seeing your happy, smiling face on the boards out there. It's Trenton, right?

Mr. Todd Smith: Yes, exactly. Trenton and Wellington.

Hon. Brad Duguid: Yes, I've seen it in Wellington as well. I try to get away from work and go watch my son play, and there's a smiling Todd Smith on the boards.

Mr. Todd Smith: Some kids like to take shots at the sign on the boards. I won't say who their parents are. Anyway, I opened that door.

Hon. Brad Duguid: You did.

Mr. Todd Smith: Last time we were talking, we were talking about the MaRS project. Can you remind us what the occupancy is at MaRS right now?

Hon. Brad Duguid: Yes. As of this past week, the tenancy is up 84%. So 84% of the building now has been tenanted. It's going to take time to get the occupancy up, because once the tenant agreements are signed, they then do the leasehold improvements. These aren't your typical offices where somebody can just move in, set up an office and put in computers. They're building labs in a lot of this space. So there's a variety of time in terms of when capacity or full occupancy is going to happen. It's usually in the range of 12 to 18 months, I would say, on average. Deputy?

Mr. Giles Gherson: I think sometimes less than that.

Hon. Brad Duguid: Sometimes less than that. Six to—

Mr. Giles Gherson: Six to 12.

Hon. Brad Duguid: Six to 12 months.

Mr. Todd Smith: When will rent start to be paid by all of these different occupants?

Hon. Brad Duguid: Many of them are paying rent now. Some of them would be starting their rent, like—Autodesk was a recent acquisition. They would have just recently signed, so when their rent actually kicks in—it would be, I would expect, fairly soon. These are commercial arrangements made between MaRS and the tenants themselves. They would have different arrangements with each tenant.

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Mr. Todd Smith: But it is safe to say, though, that Johnson and Johnson is paying rent to locate in the MaRS building and Autodesk is paying rent to locate in the MaRS building, and Facebook will be paying rent.

Hon. Brad Duguid: It's safe to say that, yes. The assurance I can give you and the public is that the business case for tower 2 and the ability for MaRS and tower 2 to be able to recapitalize is very positive with these tenancies now. The tower will be making money and will

be paying the province back in full. We expect it to be fully tenanted by early next year.

Even at 84%, it's now reaching that threshold where you can rest assured that the province's interest-bearing loan will be paid back. There's no guarantee and there's no requirement of MaRS to do this, but the expectation is that it will be paid back well in advance of when it needs to be.

Mr. Todd Smith: The government has invested a lot of money in MaRS. You're expecting that that money will be paid back—the \$19 million that was paid out to bring Johnson and Johnson, for instance?

Hon. Brad Duguid: That's not the investment that was made in the MaRS tower 2. JLABS, for instance, was a partnership with the province to lure them here because they had other locations that they were looking at going to. That was part of our effort to land them in Ontario. The deal that they worked out with MaRS—that's where they wanted to locate—I believe that was a grant—

Mr. Todd Smith: From the Jobs and Prosperity Fund.

Hon. Brad Duguid: —through the Jobs and Prosperity Fund. But they still would have their arrangements with MaRS in terms of their lease and all that stuff.

Mr. Todd Smith: Do you have any idea how much they'd be paying per square foot—JLABS?

Hon. Brad Duguid: No, and again, that would be commercially sensitive material that MaRS would not be in a position to be able to share publicly, so I don't even have it. The ministry may have it, but it's not something I'd be able to share publicly.

Mr. Giles Gherson: All I would add is that they are a tenant of the University of Toronto.

Hon. Brad Duguid: Yes.

Mr. Todd Smith: I see. I know that the real estate company said that they needed to have at least \$30 per square foot. I think the fear out there with a lot of people is that these large companies are coming, locating in MaRS, that we've got these large multinational companies that are taking up space in prime real estate in downtown at virtually no cost to them and that the government is somehow subsidizing them to be in downtown Toronto in prime real estate and, quite possibly, they aren't creating any jobs. That's a concern that people have. How do you alleviate that concern?

Hon. Brad Duguid: It's a totally unfounded concern. It's simply not the case. Facebook is there, paying rent—

Mr. Todd Smith: How many employees would they have?

Hon. Brad Duguid: I don't know. I don't know if that's something that they've made public yet. Autodesk came of their own volition. It's something that we've been after for a long time—

Mr. Todd Smith: How many employees do they have?

Hon. Brad Duguid: Again, they haven't announced that yet. They probably will eventually, but they haven't announced that yet. Autodesk—there is going to be a number of employees working there; there's no

question—will result in the creation of thousands of jobs and, I would suggest, hundreds of millions of dollars of investment. It's similar to JLABS in a way, in that it's one of those machines within MaRS that are going to generate and churn out innovative start-up companies. What Autodesk does is it provides state-of-the-art technology, supercomputing and 3-D printing and technology around the Internet of Things that will allow all partners in MaRS and within our innovation ecosystem to partner with them and take advantage of that. So it's almost like an integral piece of innovation infrastructure that's now installed in MaRS, which is a huge asset for us.

Mr. Todd Smith: But is there any expectation as a result of the money that has come from this Jobs and Prosperity Fund that these companies will create jobs here in Ontario as a result of that?

Hon. Brad Duguid: They're all going to create jobs here in Ontario.

Mr. Todd Smith: Is there any kind of milestone that they're required to hit or anything like that, or do they just get the funding and that's it? If they create the jobs, that's great; if they don't—is there any way to hold them accountable for that money that has been invested there?

Hon. Brad Duguid: Are you talking about the companies that are located in MaRS—

Mr. Todd Smith: Yes.

Hon. Brad Duguid: —or are you talking about the companies that we funded through the Jobs and Prosperity Fund?

Mr. Todd Smith: Johnson and Johnson is one of those companies that has been funded through the Jobs and Prosperity Fund, right?

Hon. Brad Duguid: Correct.

Mr. Todd Smith: Right. So let's use that one for an example.

Hon. Brad Duguid: By “funded,” it's that we pay a percentage of what their overall investment is. Johnson and Johnson would not disclose what their overall investment was, for competitive reasons, and when we made the announcement I confirmed that their investment is significantly more than the province's.

Mr. Todd Smith: Right. And the province's was \$19.4 million.

Hon. Brad Duguid: So what we've done is we've seeded the investment because there were competitive jurisdictions that actually were offering them a heck of a lot more. In fact, on that one I think there were jurisdictions—let me just check with the deputy. There was a jurisdiction offering 100% of the cost to JLABS, I believe. So we're in tough competition for these kinds of investments, and we're up to it. We're going to step up to get these where we can.

We use the Jobs and Prosperity Fund—we don't lead with it, Mr. Smith, to be honest. We lead with the fact that we are a competitive jurisdiction, that we have some of the best talent anywhere in the world, that we have some of the best post-secondary partners in the world, that this is an ecosystem where any company that wants to be globally competitive in technology and innovation

ought to have a presence, and, we'd argue, a significant presence. So we lead with that, but you're competing with other jurisdictions that are throwing some pretty good incentives at them, often much more than we do. So to land the deal, we'll use the Jobs and Prosperity Fund to do that. There are not a lot of examples—in fact, I'd have to go back and check—of companies through the Jobs and Prosperity Fund. I'm not sure there any other examples in MaRS where we've done that. But with the JLABS project, our efforts through the Jobs and Prosperity Fund were just to land them in Ontario. Where they located was entirely up to them.

Mr. Todd Smith: But I think people want to be assured that there are going to be jobs created as a result of this \$19.4 million that has been directed to the JLABS project and that it's not just going to locate a large multinational company on prime real estate across from Queen's Park, easy to get to by taxicab—or Uber, for that matter—or the TTC. I think people just want to be assured that there are going to be jobs created. You haven't really told me how many jobs are going to be created by JLABS. Is it five? Is it 500?

Hon. Brad Duguid: They haven't released that number yet, and frankly, it's probably thousands. I visited the JLABS facility down in San Francisco or San Jose—I can't remember; it's down in the valley. If you're ever down that way, I suggest you take a look at it. They'll be up and running here. When they are, I really recommend—and this is a totally non-partisan suggestion; I say it to my colleague from the NDP as well—to take a run over there; take a look at what they're doing. I think you'll be impressed. That's the kind of incubation that—we have fantastic researchers here.

One of the weaknesses and challenges in our economy is not generating the talent to start companies or do the research; one of our challenges is scaling them up here. So we need these kinds of machines that can churn out these companies, and that's what JLABS is all about.

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The investment the province made is a very wise investment. It's an investment that I can tell you right now is one of the most exciting we've made. It's really investing in the infrastructure needed to drive innovation in this province and drive these really good researchers who are coming out of U of T, Waterloo and other places to a place where they can actually start-up companies and become global. That's what JLABS does.

Johnson and Johnson is one of the biggest companies in the world in bioscience. It provides these start-up companies with access to the entire global network of Johnson and Johnson, but they don't keep the companies to themselves either. They encourage—and they have other companies that tap into their ecosystem too, so it gives them access to global networks that they wouldn't otherwise have.

It's an interesting project, but I can assure you the number of jobs ultimately created, the number of companies created out of there for the relatively fair investment that the province has made is something that I think

you'll be impressed with. So I encourage you, when they are built, to visit—

Mr. Todd Smith: Well, listen, I hope your optimism comes to fruition because, obviously, we want to see these jobs locate in Ontario. I just think that with the Eastern Ontario Development Fund and the Southwestern Ontario Development Fund, there are actually jobs numbers that are attached to that funding, and if the companies don't reach those benchmarks, now you have the rules in place where that money can be clawed back.

In the Jobs and Prosperity Fund, is it kind of just a cross your fingers, cross your toes and hope for the best kind of thing? There's no real way to get that money back if it falls on its face?

Hon. Brad Duguid: No, we do a lot of due diligence on the investments that we make, and we have a process to go through that's very rigorous.

With the JLABS announcement, I would have to go back and check to see if there were any job numbers attached to it, but really, it was more about the investment that's attached to that, a commitment to investment, because that's the infrastructure they're building up, and then they'll be churning out jobs through that mechanism. But that's an unusual investment for us to make, one that we'd be looking to make over and over again if we could, because it's a really good one.

But the typical Jobs and Prosperity Fund investment might be an auto investment or it might be an investment in a plant. It may be a footprint commitment of number of jobs, that they would not go below a number of jobs. It may be, if they're increasing the number of jobs, that they would get the funds as those jobs ramp up—

The Chair (Ms. Cheri DiNovo): Mr. Smith, you have just under five minutes left.

Hon. Brad Duguid:—you would phase it in. And if they don't fulfill their commitment, there would be clawback provisions to anything that may have been paid in advance, which from time to time have had to be used, but not too often. Usually, because it's being phased in, you can sort of see it coming and the company might say, "Look, we're going on a slower timetable than we thought." Then we don't advance the money until they're back on track.

Mr. Todd Smith: I think it's important that the government actually start attracting companies like Johnson and Johnson JLABS, and I think it's important that Autodesk and these incubator hubs take off, and the reason I think that's very important is because manufacturing is disappearing. Electricity prices are making it extremely difficult for large-scale manufacturers to even consider Ontario as a location for future growth. Goodyear Napanee is a good example of that, which is just outside of my riding. It employs a lot of people in my region, Prince Edward-Hastings. One of the biggest reasons that Goodyear said that they weren't going to build their new tire facility in Ontario was because of the unpredictability and the high cost of electricity.

I'm just wondering, as economic development minister, if you're running into stories like the Goodyear story,

where people are saying, “We can’t afford to do business in Ontario because of the soaring electricity prices”—and then the Hydro One sale on top of that has led to a lot of speculation about increasing hydro prices even further. So just quickly, I wanted to get your thoughts on the rising cost of hydro and what it means for you when you’re trying to attract manufacturing back to the province.

Hon. Brad Duguid: Well, there are a number of competitive advantages that we have here in Ontario, from the lowest effective corporate tax rate in North America—

Mr. Todd Smith: Yes, I know, but specifically about the electricity—

Hon. Brad Duguid: It’s all relative because it’s all part of the consideration of whether someone makes an investment—

Mr. Todd Smith: I realize that, but Goodyear didn’t locate here because of the rising cost of hydro.

Hon. Brad Duguid: But even on energy costs, the provision of affordable, reliable, clean power is important, and we do have that here. When you compare Ontario’s energy costs, they’re slightly less than Michigan. It’s about the same as Tennessee, it’s just a little bit more than Alabama and it is less than half of the energy costs of Mexico, which is getting—

Mr. Todd Smith: Yes, okay, you can say that per kilowatt hour. However, I was just at a meeting two weeks ago—I was referring to it last week—with Liam McGuinty and one of the vice-presidents of the IESO, I believe it was Terry Young, and a lot of the manufacturers in that meeting were saying, “Sure, yes, we’ve cut back significantly on our kilowatt hours of use, but our hydro bill continues to soar because of the global adjustment.”

Now, these manufacturers are feeling like they’re being penalized for using less power because the global adjustment is filling that space times 10.

Hon. Brad Duguid: No, but, Mr. Smith, what I’m talking about is the cents per kilowatt hour cost.

Mr. Todd Smith: Right, and I’m not talking about that.

Hon. Brad Duguid: Well, that’s the cost of energy.

Mr. Todd Smith: No, it’s not, not in Ontario and especially not in the manufacturing sector, because when you factor in the global adjustment, it has a heck of a lot more to do business in Ontario and the manufacturers know that. That’s why they were very angry at this meeting two weeks ago: Because it didn’t seem like the government was understanding the fact that the cost of electricity is more than the price per kilowatt hour. The global adjustment is making up the vast majority of their electricity bills now. It’s not the amount of kilowatt hours used.

Hon. Brad Duguid: I think regardless of any way you slice it, our energy costs are about middle of the pack. But that doesn’t mean—

Mr. Todd Smith: No, they’re not, Minister. They’re actually the highest in North America by a long shot.

Hon. Brad Duguid: No, they’re not the highest in North America by a long shot. That’s simply untrue.

But that being said, when we look at competitive advantages and disadvantages, our energy costs are not in the category of a competitive advantage. We’re in the middle of the pack. It would be nice if there was a way to have them less than that. We’ve worked very closely with our business community to find ways to help them adjust to those energy costs. But you have to factor in, when a company is making an investment—

The Chair (Ms. Cheri DiNovo): I’m afraid we’ll have to stop there. Mr. Smith’s time is up. We now move to Mr. Natyshak with the third party.

Mr. Taras Natyshak: Thank you, Minister and Mr. Gherson, for being here, once again.

I’ll switch gears to the AODA, if we might. I asked you a question on this specific issue. Your ministry recently issued a press release on privatizing an Accessibility Certification Program that’s supposed to recognize those businesses and organizations that choose to be accessible for all individuals. Has the government decided to establish that accessibility certification process?

Hon. Brad Duguid: Thank you for that question. Yes, we have. We are moving forward with that. Similar to the system that we’ve seen for the greening of buildings, we’ve—I’m of the view that our regulatory regime under the AODA is important. It’s moved us ahead of most other jurisdictions and it continues to move us, over this 20-year period that the AODA phase-in has been contemplated, towards where we want to go.

But I’m of the view that what we really need to do is shift culture. We’ll continue to aggressively move forward on the AODA implementation. At the same time, I think we’ve got to do more. I think we’ve got to do things outside of that. One of the areas that I believed worked for the greening of buildings was putting in place a rating system, which isn’t easy. It was easy for me to move forward and think about the idea—and I’m not the first to do it because Rick Hansen is very involved in this as well, and he’s brought forward an initiative that I think focuses more on hotels at the moment, but we’re kind of working together on this.

The idea is not so hard to come up with. What is hard to come up with is how do you actually rate buildings on accessibility, and accessibility for whom? There are a lot of different types of disabilities, many different types of mobility challenges. There are people with visual impairment, hearing challenges, and it just goes on and on. You want to be able to find a way to actually do these ratings.

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The idea is looking at having maybe a gold, platinum, bronze, silver rating, similar to the LEED program, for buildings, to encourage, celebrate and acknowledge and give advantage to businesses that are accessible, to identify them, so that whether it’s people with disabilities who are tourists or people with disabilities who want to gain access to those kinds of businesses, they can know in advance that they’re rated in a certain way, which

gives a business advantage to them, and encourage other businesses that may not be up to grade in terms of that rating system—the incentive to do so.

We're still at the early stages—

Mr. Taras Natyshak: You and I have spoken about this, and I understand the concept. As you described, it follows the LEED certification.

Was the provincial government involved in incentivizing businesses to be LEED-certified? Did the government play a role in that concept?

Hon. Brad Duguid: That's before my time here, so I'd have to go back and check history to see—

Mr. Taras Natyshak: It's before my time, too. We obviously understand the incentive and the need to promote the greening of the economy. Also, in this respect, we understand the need to promote accessibility. The question, really, on behalf of those who are intimately involved in this area, is, why the priority on marketing rather than ensuring that those businesses are conforming, first and foremost? Let's get them online, in the stream, so that they've made the adequate adjustments to their businesses, so that people know in general that the province of Ontario is open to people with varying abilities rather than varying levels of abilities. You have a mandate to get it out there. It certainly would be nice, but we'd love to see it in parallel with a concerted effort to actually enforce the current rules.

I'm going to move right on to my next question. Is the government hiring Deloitte to consult with the public on how to initiate the Accessibility Certification Program? Have you hired Deloitte to consult?

Hon. Brad Duguid: I'd have to check with my ADM for this department to be able to provide you with the exact work that Deloitte is doing. I wouldn't want to in any way make comments that may not be 100% correct at committee.

I find that for new things you often have to go outside for expertise. I've encouraged the ministry to think outside of the box and to get the kind of expertise that we need to do this right. It's not a case of either-or. We continue to be just as passionate about the AODA and implementing those regulations as we always have been, but a program like this gets you beyond code, and that's where businesses need to go.

I'm not satisfied. If every business in Toronto and Ontario were up to the AODA in terms of the accessibility, I'm still not satisfied with that, because they can go beyond that. The AODA is a minimum threshold. We're not there yet. We've got a long way to go. At the end of the day, in 2025, if we're going to be accessible as a community, and the AODA is in place and businesses have adjusted to it and they're doing what they need to do—without the cultural shift that's needed, we're still not going to be where we need to go.

That's why we can't just rely on the AODA and say that this is where all of our efforts are going. It would be the safe thing to do because it's well respected. It would probably be the easier thing to do because it's all laid out for us. But it requires a culture shift, and we're not going

to get that unless we bring in other, more creative, ways to drive rethinking for businesses. Investing in initiatives that make them more accessible is good for business. There's a good business case to it. I don't really want businesses to make the changes we're asking them to make just to comply with the AODA, because that's not the point. The point is encouraging business to make the changes they need to make, to open up their doors so that they can gain access to that one in seven people now—soon to be one in five—who have disabilities. That comes with it—

Mr. Taras Natyshak: I think it would be self-evident that if they did comply with the AODA, that sevenfold access to folks with varying levels of ability just happens. You hit your markers by actually putting a lot more effort into the enforcement and into the initiation of the provisions of the legislation, rather than branching out and hoping that everyone does it because it's the right thing to do, the most economical thing to do and the newest thing to do.

Hon. Brad Duguid: We're enhancing enforcement. We're doing enforcement differently by engaging in blitzes. We've taken the advice of a number of stakeholders in finding more effective ways to do enforcement. We're in the process right now of a blitz, a lot of it with the upcoming new requirements on hiring, on employment, that are going to be in place as of January.

I think where we've had challenges—and I don't mind saying this; I'm not going to be defensive about it. I think a lot of businesses still aren't aware of their obligations under the act. I think that's an area where we need to continue to strive to improve: making businesses aware. We're trying to work with organizations like the Ontario Chamber of Commerce and others—the Toronto Region Board of Trade—to try to get that information out there.

That's why we're trying to do these blitzes in a different way, so that we can gain a little bit of attention to it. I have heard back from folks in the business community who are aware that we are doing enforcement. But I think, in fairness, for the number of businesses that exist, to be able to accomplish what we want purely through enforcement would be challenging. The amount of accessibility police you'd have to hire would probably be—I don't think we have the capability of doing it.

Mr. Taras Natyshak: You mentioned that Deloitte is consulting in some fashion, but you wouldn't want to describe exactly what they're doing, or you can't.

Hon. Brad Duguid: I know that our ministry has employed Deloitte to help us with the structuring of this program, but I wouldn't want to speculate as to what their exact mandate is. I could certainly endeavour to get back to you on that.

Mr. Taras Natyshak: Let's let them finish their work. When they do come back to the ministry with a report, would you be prepared to ensure that the report be made public in terms of their findings?

Hon. Brad Duguid: Actually, it's not a report that they're doing, the deputy just whispered in my ear; they're running the public engagement exercise.

Mr. Taras Natyshak: Will they report back to you at some point from that engagement?

Hon. Brad Duguid: I think our folks will be involved with the public engagement, in hearing the input. I don't know if they're scheduled to do an actual report. They may be. The deputy may be aware of that or may not be.

Mr. Giles Gherson: Deloitte has been engaged to assist the ministry in a public engagement exercise which brings all the stakeholders together to craft the certification standard. Rather than having the government itself establish it by itself, the approach that has been adopted is to use Deloitte as a facilitator, effectively, to bring stakeholders together and establish the certification that would be decided upon by the government.

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Mr. Taras Natyshak: So can you tell me how much the ministry has budgeted to roll out this process in terms of start-up costs and then, potentially, ongoing operational costs?

Mr. Giles Gherson: I don't believe we have that at the moment.

Mr. Taras Natyshak: Could you endeavour to get that to us?

Hon. Brad Duguid: Until we have the information and until we've put in place the plan of how this is going to be implemented—right now, we have not set a budget for it, and our costs would be covered from within our ministry budget.

Mr. Taras Natyshak: Before it decided to retain Deloitte to conduct the consultation, did the government ask the Accessibility Directorate of Ontario for any advice, recommendations or feedback on whether the government should establish or create the accessibility certification process? If so, what type of advice did you get back from the accessibility directorate?

Hon. Brad Duguid: Within our ministry?

Mr. Taras Natyshak: Yes.

Hon. Brad Duguid: I determined early on that we needed to do this. I liked some of the stuff that I saw out there. We've been in the process of, over the last year and a half, I would say, reinvigorating our effort within the ministry on accessibility as a whole. It's not just about this new LEED program; we're also working hard at a program where we would provide open communication online to people with disabilities who are encountering barriers, similar to travel advisories. So we're working on that as well.

Mr. Taras Natyshak: Like a live person on the other end of the line that would guide you?

Hon. Brad Duguid: No, this would be similar to a travel advisory, where people with disabilities would have the ability, if they encounter a barrier, to get it right online. That business, or that person imposing the barrier, would be notified and able to respond so that we can get quicker action on some of these barriers. A lot of the barriers that are in place aren't actually a contradiction of law; it's just things that businesses could be doing better or more sensitively.

Mr. Taras Natyshak: I use this app called Waze to get out of Toronto when I've got to go home. It tells me how

to avoid traffic. It also tells me, interestingly enough, where police are located.

Hon. Brad Duguid: You wouldn't need to know that.

Mr. Taras Natyshak: I wouldn't, because I always do the speed limit, of course.

The Chair (Ms. Cheri DiNovo): Mr. Natyshak, you have about five minutes left.

Mr. Taras Natyshak: I understand that concept and it's quite interesting. If that's a good analogy, it's a similar thing, right?

Hon. Brad Duguid: It's still in development, but yes.

Mr. Taras Natyshak: You talk about that one of the issues is simply businesses not being aware of the requirements under the AODA. In that regard, the government embarked on public education campaigns in the fall of 2012. The government sponsored an advertising campaign on accessibility in compliance with the AODA. How long did the campaign run, and can the minister provide the committee with the number of ads that were run on radio, television, news and other media?

Hon. Brad Duguid: I can undertake to do that. I don't have, off the top of my head, the amount of time the campaign ran, but we would have that information. We do know that we saw some significant uptick in compliance once the ads ran. So we did monitor that.

Mr. Taras Natyshak: How many ads?

Hon. Brad Duguid: I don't have the numbers in front of me, but it was a positive response.

Mr. Taras Natyshak: As a follow up, what was the budget for that campaign and what was the actual cost? You said you tracked the changes in levels of compliance. Could you give us all the data on that campaign so that we could review it?

Hon. Brad Duguid: We'll endeavour to give you what we have.

Mr. Taras Natyshak: What's the budget for the AODA advertising campaign announced on June 3, 2015? How much is that one going to cost?

Hon. Brad Duguid: Again, I don't have that off the top of my head.

Mr. Taras Natyshak: In May 2014, the Premier indicated that—how much more time?

The Chair (Ms. Cheri DiNovo): Three and a half minutes.

Mr. Taras Natyshak: The Premier indicated to the AODA Alliance that the Minister of Economic Development, Employment and Infrastructure has created a new position within the ministry, the director of accessibility integration and planning, to work with the ministry to ensure that accessibility is integrated into all business practices. Does that position still exist in your ministry as the Premier described it, and, if so, who currently fills that position?

Hon. Brad Duguid: Sorry, could you repeat what the position was? I didn't—

Mr. Taras Natyshak: It is the director of accessibility integration and planning. A key outcome of this work is the integration of accessibility criteria into Ontario's

Youth Jobs Strategy—an investment funding program—services and supports.

Hon. Brad Duguid: Deputy?

Mr. Giles Gherson: Last year, David Onley was appointed adviser to the minister on accessibility issues, and he has a staffer in his office to support him. That really became the role that you're describing now.

Mr. Taras Natyshak: Is that specifically that role? David Onley holds that—

Mr. Giles Gherson: It is part of that role.

Mr. Taras Natyshak: Part of that role. So is there a director of accessibility integration? Is there a specific person?

Mr. Giles Gherson: In the deputy's office? No, there isn't, because the position was moved, essentially, into David Onley's office.

Mr. Taras Natyshak: So will that position ever be made, created, filled?

Mr. Giles Gherson: For what purpose?

Mr. Taras Natyshak: For the purpose stated by the Premier.

Mr. Giles Gherson: But then she appointed, following that, David Onley, the former Lieutenant Governor.

Mr. Taras Natyshak: I'm as confused as you are, I think. No? This is a position that the Premier indicated was created within the ministry, and now what you're telling me is that the position was never really created within the ministry.

Mr. Giles Gherson: No, that's not true. It was created.

Mr. Taras Natyshak: So is David Onley the person—

Mr. Giles Gherson: No. The function that was described by the Premier has been subsumed by David Onley and the staff.

Mr. Taras Natyshak: So then there's no longer a need to create this position because David Onley has taken on that position?

Mr. Giles Gherson: The function is being fulfilled.

Mr. Taras Natyshak: So again, there is not currently a director of accessibility integration, a specific person with a full-time job and a paycheque, I'm assuming. That position has never been created.

Mr. Giles Gherson: No, it was created.

Mr. Taras Natyshak: Is David Onley that person?

Mr. Giles Gherson: No.

Mr. Taras Natyshak: Who is the person, then?

Mr. Giles Gherson: The position was created and then the position was evolved to David Onley's office.

Mr. Taras Natyshak: Okay, and what is David Onley's title within that office?

Mr. Giles Gherson: He's his own title. He's adviser to the minister.

Mr. Taras Natyshak: He's the adviser to the minister—which is a different position than director of accessibility integration and planning.

Hon. Brad Duguid: It's a different position, but as the deputy said, David Onley subsumed some of those responsibilities. If they had continued to pursue that position, there would have been duplication, is what the deputy's saying. David Onley advises us on that kind of

information. That role has now been—well, that role is now encompassed in the special adviser's role.

The Chair (Ms. Cheri DiNovo): I'm afraid you are out of time, Mr. Natyshak. We will now move to the government side. Ms. Kiwala.

Ms. Sophie Kiwala: Thank you once again for being here today with us in estimates. I've enjoyed the proceedings so far. There are always lots of new things to learn.

I'm glad that this morning's discussion has started out with reflection on the media and their reporting, or non-reporting, of positive things that we do. In that vein, I wanted to focus my attention this morning on the business support programs. In the past, we have had excellent programs like the EODF, and that's something that my community of Kingston and the Islands has used on a number of occasions.

After the election, in reviewing some of those opportunities for my community, I reviewed some of the projects that we have seen in that particular program. There's always a very well-laid-out percentage of initial investment and then new jobs created, jobs retained. So there's some very good information, and the support programs that we have provided in the past have been excellent. I'm happy that our community has had the opportunity to take advantage of them.

In the 2014 budget, the 10-year, \$2.5-billion Jobs and Prosperity Fund was announced. As per the 2015 budget, the government has enhanced the Jobs and Prosperity Fund by a total of \$200 million. My question to you today is, what is the process by which businesses are chosen for our business support programs? I can imagine a number of businesses in my riding that will certainly be very interested in your response today on that question.

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Hon. Brad Duguid: It's a really good question. In many ways, the Jobs and Prosperity Fund is still a relatively new fund, but it's one that we have put a lot of thought into, in terms of how we structure it, what the priorities are for it, how we assess and prioritize investments. We have to do that for a couple of reasons. One is, we need to demonstrate that we're getting value for taxpayer investments with the investments we're making. We need to ensure that the business partners that we're investing with are accountable for what they commit to do—ensuring that we don't go over the top in that and scare them off entirely, which can happen; ensuring that what we're asking them to do is reasonable and fair and in keeping with what the expectations are for their investment.

We also need to ensure—and this is something we probably didn't have to be as concerned about three or four years ago, but we do now—that the investments we make are of the utmost priority vis-à-vis other potential investments. That's important to mention because that's a bit of a game-changer for the province. It's good news. The pipeline for investments in Ontario has grown substantially. You see it in the numbers. You see it in the fact that we're number one in North America for foreign

direct investment two years in a row now. You see it in the fact that our GDP numbers continue to be positive. We continue to be among the leaders in Canada in terms of growth, and among the leaders, frankly, by and large, in North America, which is good. We're one of the top developed economies in terms of growth, which is a good place to be. So our pipeline today, compared to what it would have been when I served in this post initially, is substantially bigger, to a point where there will be more investments coming to this province and opportunities to invest with the Jobs and Prosperity Fund, ultimately, than we probably have dollars to spend within that fund. It was recognized, in part, with the fact that in 2015 the fund was increased by \$200 million—albeit that was to focus a lot of that, if not all of it, on the forest industry. But the fund is now \$2.7 billion over the next 10 years, inclusive of when we started the fund. So that prioritization is really important, and it's a good thing. It's nice to be in that position.

When I bring something to Treasury Board—and there's a certain limit above which I have to bring the investments to Treasury Board and a certain limit under which the ministry and myself can make the decision; I believe it's \$50 million or thereabouts, anything over \$50 million has to go to Treasury Board—both of those decisions are guided by an analysis that we've put together to ensure that we're putting very significant scrutiny on those investments. We want to make sure we're investing in businesses that are going to be sustainable in our economy and drive growth, as much as we possibly can.

There are sometimes other factors in investing in a business. Sometimes a business may be a very huge anchor tenant in our economy and not necessarily be in a growth pattern, but it is really important for us, as an economy that wants to keep growing.

The fall economic statement will be out soon, and we'll talk about what the projections for growth in Ontario are. Whatever they are, our objective will be to surpass those amounts, ultimately. We want to grow more and faster, which means we've got to invest in attracting those companies to Ontario and growing those companies here in Ontario that are in growth mode, that are going to grow with the new economy, that are investing in productivity, innovation and exporting, because that's where the real growth is for the most part in our economy.

It doesn't mean that every investment we make has to be in that area. But for the most part, we've set up a report card that ranks, for the first time, those types of decisions, so that Treasury Board can compare and ask questions. Again, if an investment could, on our analysis, score lower than another investment, but still there may be a compelling reason to make that investment—it's a really good due diligence measure for us to take so that it will flag those investments that are a really, really good rate of return, which is important. You want to get a good rate of return on your investment.

What is a rate of return? Jobs are part of it. It's not everything, but it's part of it. Certainly our priority is to continue to create jobs, but we want to make sure we're

creating jobs not just for today and tomorrow, we want to make sure we're creating a business environment that's going to create jobs for the long haul as well: for the next generation, for the kids that are coming out of post-secondary now, or coming out of trades. We want to make sure that we're creating jobs for them, too.

There are times when you may make an investment that enhances the productivity of a company that doesn't increase the number of jobs at that moment, but it increases their productivity so they can go out and get global business. It either solidifies their footprint here, if it's a significant footprint—I'll use Ford and Honda as an example of that. The Ford investment, \$560-some-odd million—that's not the exact figure, but I think it's somewhere around there. That investment has solidified Ford Oakville for many, many years to come. Actually, it was \$700-million, according to the deputy here, a \$700 million investment. That was Ford's investment, the \$700 million. Ours was around \$70 million, or about 10%.

The Honda investment in Alliston was about \$857 million or thereabouts; ours would have been about an \$87.5-million contribution to that. Again, that was not a growth in jobs in that particular plant, but it was very well-received across the province because that solidifies that operation for many years to come. It's now going to be the home of the new next-generation Honda Civic, which is something that just demonstrates how Ontario's economy, and Ontario's manufacturing sector, is finding its legs, and finding its niche. When it comes to advanced manufacturing and complex vehicles, and doing first-generation mandates, nobody does it better than Ontario workers, because we have the talent and the ability to innovate.

The same with the \$421-some-odd million—the deputy checks my numbers because they might not be exact—that Toyota recently made in Cambridge and Woodstock. I don't know if it was both, or one or the other. That's an investment that they're making that's retooling and modernizing their equipment, so that they can produce the RAV4 and the RAV4 Hybrid, which is where you want to be. That's the next generation of automobile. So those are the auto investments.

We would analyze those under the report card that we have as: "Are you contributing to productivity?" Well, obviously, if you're modernizing your equipment and building a global platform, you're going to increase your productivity, which is what we need to do, because we do have a productivity gap with the US. It's not all good news for Ontario. We have some challenges, and one of our challenges is increasing our productivity. It's not a government thing; businesses will tell you that it's not a government thing. It impacts us in that we want to see increased investments. The fact is, over the years, our business community here has not made some of the investments—

The Chair (Ms. Cheri DiNovo): Minister, you have about five minutes left until the recess.

1010

Hon. Brad Duguid: —that they needed to make. Some of that is because some of them are small and

medium-sized companies that have been satisfied with their profit margin. They've been doing well for many years. Access to the US market has been good and all that stuff.

But times have changed. It's a global marketplace now, and companies that are going to compete have to be modernized, have to be productive, or they're just not going to compete. That's the transition that has been taking place in manufacturing now. Many of our companies—auto, aerospace and advanced manufacturing companies—have picked up the slack and are now making a lot of those investments. That's why we incent them through our accelerated capital depreciation program, which our finance ministers brought in in two previous budgets. I think the last budget extended it for 10 years, because that's an incentive that goes directly to those companies.

So our business support programs are one tool. Our tax system and incentives is another tool.

The third thing I would say that's really important for us is adjusting to the disruption that's happening in every sector of our economy. Everything we do in our lives is going to be impacted by this—and that's making sure that we're innovators, that we're inventors, that we're driving some of that disruption rather than being one of those jurisdictions that's just going to get swept up in it.

I look at 3-D printing as an example of that. It's amazing what's going on in 3-D printing. We don't know how quickly it's going to come on and whether it's going to take over a lot of manufacturing or to what extent. It's too soon to tell. But it's there; it's happening. Cars are being made with 3-D printed material as we speak. We want to make sure that as we save Oshawa's plant and get a future mandate with GM there—and that's still a work in progress. We're confident we're going to get there, but it's still a work in progress. I want to make sure we don't save that plant, save the direct jobs that are there, only to see all those indirect jobs in the supply chain be ferreted off to jurisdictions that have better innovation than us or that are better at 3-D printing than us. That is why investments like Autodesk in MaRS—we didn't make the investment; they did—why it's so important that we recruited Autodesk to MaRS: because they're experts in 3-D printing. That expertise will be helpful in our bio-science sector, but it'll also be helpful in our manufacturing sector.

That's why post-secondary institutions, like some of our colleges and universities that are now specializing in 3-D printing and doing technology advancement and innovation in 3-D printing, are so important, and it's why it's important that our auto sector and all of our manufacturing sector determine what their needs are going to be in the future and where this is going: so that we can make sure that we make those investments with our supply chain to upgrade their manufacturing capability and modernize their technology.

Those are the kinds of investments that we like to make in our business support programs—when they're modernizing, implementing a 3-D printing press or

whatever they call the technology. Those are the kinds of things that will make sure that we don't only have jobs that we're creating for the next five years, but that the investments we're making are going to ensure that our economy is healthy and the job market is healthy in Ontario for the next 20, 30, 40 years. I think we can do that.

We're one of the jurisdictions that is seen as a leader in innovation; there's no question. The success of MaRS is a great example of that, mostly in the bioscience sector, but in other areas; the success of that Toronto-Waterloo corridor—that is our sweet spot, in my view. That's our future economy. That may be the strongest part of our economy. And then you include what's going on in Ottawa—some incredible innovation happening there, particularly in things like cybersecurity—and throughout the province.

This is where Ontario needs to go in terms of our future branding. We need to be seen as a jurisdiction that not only has strengths in innovation but is a driver of innovation. We've done a lot of the investments you need to do. We've done some venture capital work. When venture capital has dried up—

The Chair (Ms. Cheri DiNovo): I'm afraid we are recessed until this afternoon at 3:45.

The committee recessed from 1015 to 1545.

The Chair (Ms. Cheri DiNovo): Good afternoon, members. We will now resume consideration of vote 901 of the 2015-16 estimates of the Ministry of Economic Development, Employment and Infrastructure/Ministry of Research and Innovation. When we recessed this morning, the government party had two minutes and 52 seconds left in their rotation.

I'd also direct members' attention to the letter that just went out from the Minister of Aboriginal Affairs.

We'll proceed then with the government side. Ms. Kiwala.

Ms. Sophie Kiwala: Thank you again for the opportunity to speak. Just leaving off from where we finished in the last round, we were discussing the EODF. That has been a very important fund in my riding of Kingston and the Islands in the past and has provided us with some excellent opportunities for some local businesses. For example, MetalCraft Marine has received funding in the past, in 2013, and Cancoil Thermal Corp. also received funding under the EODF of \$180,000, which leveraged an investment of \$1.83 million. That particular investment created 16 jobs and retained 114 in that firm.

I know that these types of supports and programs are extremely important for our economy and for our communities. On behalf of my community of Kingston and the Islands, I am thrilled to have had the opportunity for our community to have benefited from these funds.

As you've mentioned previously, we've given \$2.6 billion in support funds, which have leveraged \$26 billion from the private sector and created or retained over 150,000 jobs. I'm just wondering if you can share with the committee some of the stories—and I know you're good at those—of the businesses that have been granted

support funds and how those funds have affected their growth.

Hon. Brad Duguid: Yes. The regional economic development funds are unique and different from our Jobs and Prosperity Fund in that they really target two particular large regions in the province, eastern Ontario and southwestern Ontario, that were hit harder than most by the global recession, and by and large have recovered a little less quickly than many other parts of the province, in particular some of the core urban areas around the greater Toronto area. So the regional economic development funds were an important response to that.

It really started in eastern Ontario with the leadership of some of our colleagues. Your predecessor was one of them—

The Chair (Ms. Cheri DiNovo): I'm afraid you are out of time on the government side. We're going to move to the official opposition: Mr. McNaughton.

Mr. Monte McNaughton: Minister, I just wondered—it's an issue that I've raised a couple of times in question period of late—what your opinion is on the expansion at Billy Bishop airport.

Hon. Brad Duguid: Yes, you have raised it a couple of times in question period.

Mr. Han Dong: Point of order.

The Chair (Ms. Cheri DiNovo): Point of order, Mr. Dong.

Mr. Han Dong: Yes. I just wondered about the relevancy of that issue to the Ministry of—

The Chair (Ms. Cheri DiNovo): That's not really a point of order. This is to the economic development, so I'm going to go back to Mr. McNaughton.

Mr. Monte McNaughton: Sure. I'll let the question stand.

Hon. Brad Duguid: I think, first and foremost, the city of Toronto and the federal government are the decision-makers with regard to the expansion of the airport. They have to determine whether this is something that they would support or not support.

Mr. Monte McNaughton: What do you think, though? What's your personal opinion? Do you think there should be an expansion?

Hon. Brad Duguid: As a former councillor for the city of Toronto, I used to resent the government of the day at Queen's Park trying to tell us what to do on decisions that were our decisions.

So I can tell you that the airport has been an important part of Toronto's economy. I think that Porter Airlines has been a huge success story in spite of resistance from some. Its growth has been beneficial to Ontario's economy. I think all of us who have the opportunity from time to time to fly around the province appreciate the quality experience that Porter provides and the convenience that the island airport provides to Ontarians, and in particular to those who are engaged downtown, which often is our business community.

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So the airport is, in my view, an important economic asset for the city and the province. I'm not in a position

to weigh in on the issue of jets. I can tell you that with regard to noise, I've had the privilege of seeing the Bombardier jet fly at the Paris air show—one of the quietest aircrafts I've ever experienced. In fact, it's much more quiet than the Q-series plane, that's the prop plane that's there now. From my non-scientific analysis of watching it fly by, I think Bombardier's product is an excellent product and I hope it's successful.

I'm pleased that the Quebec government has seen—that Bombardier plan is very, very important to Quebec, and I'm glad that they've stepped up. I think my colleague Jacques Daoust was wise to do that. I encouraged the federal government to consider, as well, whether there are opportunities for them to provide support—

Interjections.

The Chair (Ms. Cheri DiNovo): Could you allow the minister to speak, please?

Hon. Brad Duguid: —for the C series in Quebec. That will be their decision, ultimately. I think it's an important manufacturing opportunity for Quebec and Ontario as well.

Mr. Monte McNaughton: The reason why I asked it—it's sort of leaning into my next question—it is about economic development, because we, I'm sure, all read the National Post story yesterday that Porter may be cancelling a \$2-billion order with Bombardier. The long-term plans of expansion at the airport would certainly benefit Bombardier at their Downsview plant as well.

I have obviously raised this because I think it's important for economic development in Toronto and Ontario, like you said, but I think it's important that this government, and you in particular as economic development minister, take a strong stand. A \$2-billion order is a lot of jobs. Maybe I could just ask for your comments on the potential loss to Bombardier of those 30 airplanes that Porter would be ordering.

Hon. Brad Duguid: I think it's important that Bombardier not—and they don't—put their entire business plan at risk based on whether the city of Toronto or the federal government decides to allow jets at the airport. That decision had not been made; the city of Toronto had not indicated what their preference was, and the federal government has not indicated what their preference was either.

Mr. Monte McNaughton: Well, the federal government has said no to the expansion.

Hon. Brad Duguid: It had not, though, at the time. I think there's no question that Porter would be a good customer for Bombardier, but Bombardier's aircraft is the best in class. I am absolutely confident that it will, when it hits the market, sell.

I've had the honour of being able to be in that aircraft—not in the air, but on the ground. It is top-quality, top-notch, world-class material. It is the best aircraft of its kind in the world. I think Bombardier has done a lot of restructuring. I believe they're going to be well placed to sell globally in a very high-risk and very competitive environment.

In answer to your question, I don't think it's appropriate for our government to superimpose our views,

either our personal views or our views as a government, overtop of decisions that are to be made by the city of Toronto and the government of Canada. I respect their right to make those decisions.

Mr. Monte McNaughton: The reports show that the expansion would deliver about \$250 million in economic value to Toronto annually—2,000 jobs—this \$2-billion order from Bombardier. It's in Ontario's best interests to have this expansion and I don't understand why you as minister or the government wouldn't lobby the federal government to approve this and change their mind, essentially, because it's in the best interests of Ontario.

Hon. Brad Duguid: I think it's incumbent on our government not to superimpose our views on the city, which is still considering what their position will be on this. As a former councillor, I know what that's like. I want to give them the room that they need to make their decision, and I think the federal government ought to have the room that they need to make theirs. They appear to have made some comments on this now, and it will be interesting to see what the city has to say.

Ultimately, I don't discourage you in any way from being vocal on this. People are entitled to do that, and if they believe strongly that something is going to be good for the economy, they ought to speak out. I have a responsibility to ensure that I'm not superimposing my views in a very sensitive debate both at city council and obviously something that—I don't know if it's still under discussion in Ottawa, but it may well be, depending on the city of Toronto's ultimate decision on it.

Mr. Monte McNaughton: Do you not think the right thing to do, though, would be to make a public statement to encourage the federal government to approve the expansion? It's in the best interests of jobs, investment and the economy as a whole.

Hon. Brad Duguid: You're at liberty to do that, as anyone else would be. I obviously would be at liberty to do that myself. Anything that's good for our economy is something that I'd be pleased to see happen, but at the same time, on these kinds of decisions, it's important, I think, to show respect for local council, in particular when they're in the middle of their discussions and debate on it. Out of respect for my former colleagues at Toronto city council, I want to give them the opportunity to have unfettered debate on this issue to determine what's in their best interests as a city. I know that there are some conflicting views on this.

I have a history, which you can look back on, of being a very ardent supporter of the airport. I supported the bridge, personally. It's nice to see the tunnel there. But in terms of saying anything further, publicly, in terms of the jet opportunities and the expansion—just out of respect for Toronto city council, at this point in time I don't think it's appropriate for me to express my views in public.

Mr. Monte McNaughton: Do you think the federal government has made the right decision?

Hon. Brad Duguid: Again, out of respect for the federal government, I think it's their decision. It's not ours. I want to give them the room to make that decision.

I'll be interested to see what the city of Toronto does and, based on that, determine if there's any further role for me to play vis-à-vis the federal government.

I think it's important to allow the city of Toronto to determine where they stand on this as well because ultimately as a province you want to, wherever you can, show respect for our municipalities. We've had situations in the past where provincial governments haven't done that. It's not always that one is right and one is wrong, but when one level of government imposes their view on another, it tends to lead to a pretty fractious and usually not very good result.

Mr. Monte McNaughton: So what do you say to the 2,000 people who may find work if Billy Bishop expands?

Hon. Brad Duguid: I think that Porter Airlines will continue to do a good job making its case. It's a private sector company, and I think they'll continue to do that. We're going to have to give the city of Toronto the opportunity to make its decision as a council as to what its ultimate choice would be.

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Surely I would think that you wouldn't expect in your community, if your community decided they didn't want a certain kind of infrastructure, that the province would just roll over them and impose that infrastructure on them. You want to, wherever you can, show respect for our municipal colleagues. They're duly elected levels of government, and ultimately, wherever you can—there may be exceptional circumstances—but wherever you can—

Mr. Monte McNaughton: The Green Energy Act would be one of those exceptional circumstances where you forced your plans on communities.

Hon. Brad Duguid: There are times when the public interest is served by moving forward. I've been involved in energy infrastructure that we put into communities that were not supportive originally, but the choice was to leave them at risk of not having power. Ultimately, strangely enough, once the infrastructure was in place, the community accepted it and got quiet and actually embraced it. Sometimes governments do have to make tough decisions like that.

In this case, it's different because this isn't the province building anything; you're just asking me to take a gratuitous position on something that I think you've pointed out would have some economic benefits to the province. I haven't seen the numbers you've brought forward; I don't quarrel with them. At the same time, it's not my position at this point in time to interfere with council's deliberations on what I do think is an important issue.

Mr. Monte McNaughton: And if the city of Toronto supports it, would you come out in support of it and urge the federal government to change its position?

Hon. Brad Duguid: I'm a member of cabinet in the government. The government will determine if it's appropriate for it to take a position on something like this. Whether I personally would express my views on this is something I'd have to give consideration to at the time.

Mr. Monte McNaughton: Okay. Just switching gears a bit, but talking about jobs in Ontario: Do you have any forecasts on where the unemployment rate is going—the number of people seeking work, and what the trend line is going to be moving forward?

Hon. Brad Duguid: Yes. Off the top of my head—I think I could probably get some numbers from some of the papers I have with me here—but I think it's easier for me just to tell you off the top of my head. Our unemployment rate now is below the Canadian average, which is good, and it will continue to be, we expect, for the foreseeable future. We're anticipating growth in Ontario that is among the top in the country. I think BC and Ontario are the two provinces that are likely to lead the country in growth.

Our unemployment rate has gone steadily down since the global recession—significantly down. It's still at a level where, even though it's now getting close to the lowest in the country—

The Chair (Ms. Cheri DiNovo): Mr. McNaughton, you have just about five minutes left.

Hon. Brad Duguid: It's still at a level where there are still too many Ontarians out of work. That's why we are very aggressively working hard to recruit investment to the province, to put in place the right environment to encourage investment and to maintain our lower corporate tax rates and our competitive advantages. It's why we're very deliberately pursuing innovation in this province to make Ontario a leader in innovation and why we continue to make those investments in post-secondary.

Overall, we're up over about 560,000 net new jobs since the global recession, and we continue to trend in that direction.

Mr. Monte McNaughton: Under this government for the first time in our history, real disposable income per capita fell below that of the national average. Do you have any concrete plans to help that situation, help people achieve more success and earn more income?

Hon. Brad Duguid: Yes. That's where our economic development strategy has gone and continues to go, and it has led to some good results. We are number one in North America for foreign direct investment now for two years in a row. We're outpacing New York; we're outpacing California—which is good.

I say often that in many ways I'm the economic development minister of two economies: Today's economy where we fared reasonably well, where we are leading the country in growth and attracting a good level of investment. We're ambitious people. We want to do better; we want to do more. But I'm also the economic development minister of what I call the economy of two minutes from now because it's not the next-generation economy anymore. It's not the future economy or tomorrow's economy. There is disruption happening throughout our economy in every sector—and not only every sector, everything we do in our lives is in one way going to be disrupted by technological innovation.

Our choice as a province, as a people, as an economy, as a society is to either lead that disruption through the

talent that we've developed over the last decade or so, which is substantial and world class or allow that disruption to run roughshod right over us. Our choice is clear. We need to lead, and this is something we're determined and committed to doing.

Mr. Monte McNaughton: How much time, Chair?

The Chair (Ms. Cheri DiNovo): Two minutes.

Mr. Monte McNaughton: I just want to talk to you a bit about manufacturing. We know we've lost something like 300,000 manufacturing jobs over the last 10 years. Has your government given up on traditional manufacturing in Ontario?

Hon. Brad Duguid: Not a chance.

Mr. Monte McNaughton: What plans do you have to try to get some of those 300,000 jobs back?

Hon. Brad Duguid: I think one of the things that if you talk to the Canadian Manufacturers and Exporters, they'll tell you that it's time to stop talking down our manufacturing sector. The fact is, our manufacturing sector has been growing steadily since the global recession.

Look, we'd love to see it get back to the level of employment that it was at before globalization took place and before the global recession took place. We're going to continue to see investment. We're going to continue to grow our manufacturing sector, but it is different. The type of manufacturing we're seeing grow in Ontario is a little bit different than the manufacturing we saw 15 or 20 years ago. So it's still in a state of transition, and we need to work together to get through that.

The fact is, we are becoming very competitive in advanced manufacturing. I'll use the auto sector as an example. Honda and Toyota are producing first-generation Honda Civics, which has never been done before outside of Japan, and first-generation Lexus, which indicates that they're the best-quality plants really in the world.

So advanced manufacturing is very much where our sweet spot in manufacturing has come from. It's where our growth is. We'll still continue to manufacture straight commodities where we can, but where we are very competitive is when we get into advanced manufacturing that requires innovation, whether it's robotics, whether it's connected vehicles in cars where we have the—

The Chair (Ms. Cheri DiNovo): I'm afraid, Mr. McNaughton, your time is up. Thank you, Minister. We move now to the third party, Mr. Natyshak.

Mr. Taras Natyshak: Thanks, Minister. In May 2014, the Premier made a written election promise to establish—that's not the question I want to ask you. Let's start over.

Hon. Brad Duguid: I'm still thinking of what I was doing in May, whatever that date was.

Mr. Taras Natyshak: Here it is. By the end of 2012, even further back—you're going to have to jog your memory—private sector organizations in Ontario with at least 20 employees had to file a first AODA accessibility report with the government under section 14 of the AODA. The question is, how many private sector

organizations have still not filed this report and what's the percentage of those that have been required to file but still haven't?

Hon. Brad Duguid: I can come up with those numbers—

Mr. Taras Natyshak: I think it's substantial. I know you're not going to be able to dig it up right now, but—

Hon. Brad Duguid: Well, no, but I have the information very close at hand.

We've seen a significant increase, though, in compliance with the business community.

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I would say that originally we got off to a painfully slow start when it came to compliance, and we talked about this a little bit. I think part of that was awareness. I would say, fairly, that we needed to do, and we continue to need to do, a more effective job communicating what the act is and what business's obligations are under the act. We've upped our game, in terms of doing that, but I think it's an area where we still have work to do.

We were conducting inspections, but we weren't doing it in as effective a way as we could have. We had a hotline for complaints. Often, the complaints on that hotline weren't related to AODA; they were other valid complaints, but complaints that weren't things that would be covered under the AODA. But even when they were, we didn't have an effective way to really report those complaints back to our compliance branch.

We've spent the last year and a half or so, I would say, taking a look at what we have and what we're doing to determine, are we getting the best results we can? I think you brought up earlier—you asked for some information on our media campaign; I believe it was you. That was designed to ensure that businesses were aware of how they comply.

Tomorrow night, I'll be at the Ontario Chamber of Commerce business awards, where one of my privileges will be to present the award for accessibility. We've had the Ontario Chamber of Commerce embrace accessibility as well, and reach out to their businesses. We're working in partnership with them on initiatives to try to raise awareness as well.

Mr. Taras Natyshak: So the specific data on this—I mean, it's a specific question. Do you have that, that you can refer to?

Hon. Brad Duguid: Let me just see if I can dig that up.

Mr. Taras Natyshak: Because it goes in concert with the amount of publicity or the amount of resources you have given to informing the public of their roles and responsibilities in terms of the AODA. Matching how much you're putting into advertising and publicity—the media—versus what the compliance rate is would give us a good idea of how successful you've been.

Again, in tandem with this question, is this data publicly available? Can people see how you're doing?

Hon. Brad Duguid: It may be on our website; I'd have to check with the ministry. I can tell you that in 2013, enforcement on organizations began. In 2014,

1,800 notices of proposed orders that informed non-compliant organizations of potential penalties were issued, and 332 director's orders that informed non-compliant organizations of financial penalties were issued.

I know there are some out there—not yourself, but some—who try to leave the impression that we're not doing any enforcement, and that's simply not the case. I think those who make that case would like to see us focus most of our resources and time and effort on enforcement. I've said before and I'll say again that enforcement is important. It's an important part of compliance, but it's only one element in the equation. There are many other elements in the equation that are just as important.

At this stage of implementation of the AODA, it's very important to get business buy-in to the business case: the investments they can make in their businesses, opening up their business to people with disabilities, making them more accessible for customer access and the like, opening up their websites—all of that.

Mr. Taras Natyshak: I get it. I absolutely understand the concept.

Hon. Brad Duguid: Well, you get it. I would say that we still have a way to go. I know that you get it, but I think we still have a way to go in terms of getting—

Mr. Taras Natyshak: I want to try to subtly help you along by applying the massive amount of pressure I have as a third party private member, okay?

Hon. Brad Duguid: You're very influential.

Mr. Taras Natyshak: Yes, I know. My wife tells me that I think I am.

Minister, the government is undoubtedly pretty good at getting the message out. I'll refer, specifically, to the advertising campaign that was initiated on the sexual assault campaign. Having had the privilege of sitting on the sexual assault and harassment special committee, we got to see some of the effects. Almost unanimously, groups that deal with and support survivors pointed to that campaign as really raising awareness. I can only imagine that a lot of money and a lot of thought went into the nuance of that campaign and the message. It was really good.

I think you could do the same thing here, given the emphasis. I know that you care and I know that you want to do that. I can envision a really focused campaign.

I guess what I want to know is how much you've put into that type of initiative so far, how much you're planning to put into that initiative, and can we measure it as to its impact? It's vitally important to bring in the compliance part and the awareness part. You're using the carrot and the stick, and I don't know whether you're using enough of both of them at this point.

I need you to put us at peace with what's happening there. I know you've got the plans in place. Are you being given enough resources and are you delivering enough resources?

Hon. Brad Duguid: In a world of unlimited budgets, I'd love to have, on Super Bowl Sunday, 20 commercials run on accessibility, but we don't have unlimited budgets. We're dedicating a substantial commitment to AODA

implementation and the initiatives that we're bringing forward around that. We don't have unlimited access to revenues or resources, so we have to be strategic with the resources we have. That's what we're trying to do.

I finally found the response to the original question that you asked. I was fishing around here for it. We launched that marketing campaign in 2014. The campaign was successful. By this fall, we were looking at doing some additional campaigning on this. We've partnered with a lot of organizations, as I said, to get the word out on the AODA. Our public awareness campaign, as I said, was launched in 2014. This campaign helped increase end-of-year reporting from 16% in 2012 to 40% in 2014.

We believe that it had an impact. I wouldn't say that it was just the campaign that did that. Businesses are getting more and more used to it, and there may have been, in some cases, media articles and things like that that made businesses aware. The work with the Ontario Chamber of Commerce probably helped. But we did see a marked improvement in compliance. It doubled from an unacceptable level of 16% to a better level of 40%, but there's still, admittedly, a long way to go.

Mr. Taras Natyshak: Those who have a long way to go are those in the private sector who have just not responded at all to any of the directives. What can they anticipate, going forward, from the ministry in terms of an accelerated or enhanced campaign to bring them online?

Hon. Brad Duguid: We look to bring forward a subsequent communications campaign to follow up on the success that we had on the first one. I don't have an indication of the timing of that, at this point in time. We're leading up to a new standard for employment in January, so there's work being done now, targeting businesses—in particular, larger businesses in the retail sector—to ensure that they're complying and ready to comply with the January standard. That's where the focus is now: on the retail sector, to comply with the January deadline.

They're trying to focus the compliance efforts in blitzes on certain sectors where they feel that they can have the biggest impact. Often, what I have asked them to do is the old adage, "Fish where the fish are," which is that you can, at this stage—we're still at early stages in trying to increase the compliance rates. The best way for us to do that is to focus mostly on the larger businesses who have more capability of making the adjustments they need to make, and frankly, less excuses; they should be making these adjustments.

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Often, when they're informed of this stuff—I could tell you that it can be challenging when you wonder why they're not informed, but we talked earlier about obligations that businesses have with government these days, and there's a lot for them to keep track of. This is one, however, I would suggest, that is not only in the public interest, it's in their interest, and so I'm confident that once that message resonates even further—with

David Onley as the special adviser on accessibility, that really is his message. When he's out speaking to the business community—and you may have seen him in the past—the room goes quiet. People listen. He's one of the most respected leaders in accessibility anywhere in the world, and he's really a big help in pushing us to do more, while at the same time getting out there and helping us communicate with the business community on how important this is.

Mr. Taras Natyshak: Some of the low-hanging fruit in this file would be in the public sector. Do you have any idea of what the compliance rate would be for public sector agencies in terms of reporting?

Hon. Brad Duguid: Yes, it's very good. In fact, I think it's full compliance, but I would have to check to confirm that.

Mr. Taras Natyshak: In the 90%?

Hon. Brad Duguid: Yes, it's very, very high. The public sector has embraced the AODA. My understanding is, the last I've seen a report on this—I don't know if I've seen a report, but last I've asked and gotten a response from the ministry on this was that the public sector has done well in implementing and complying. The challenge has been getting that same attention and compliance in the private sector.

Deputy, would you agree with that?

Mr. Giles Gherson: I would.

Mr. Taras Natyshak: The Accessibility Directorate of Ontario: What was the budget for 2014-15?

Hon. Brad Duguid: I would have to go to the deputy for that, and I can't guarantee you that he would have—well, he might have that. He might need a minute to dig that up.

Mr. Taras Natyshak: Sure, yes. Take your time.

How much time do we have, Chair?

The Chair (Ms. Cheri DiNovo): You've got about six minutes.

Mr. Taras Natyshak: So what was the amount budgeted and how much was spent in fiscal year 2014-15?

Hon. Brad Duguid: We can get help from the folks behind us as well, our budget folks. They'll have it for you.

Mr. Taras Natyshak: I have the privilege to ask you these questions, but what about the general public? How are they getting the answer to this type of question? Where are they finding that data? On your website? On the ministry website?

Hon. Brad Duguid: The numbers are available, and they're generally in the budgets, in the estimates. I think most members of the general public don't make a habit of going through all the budgets of government, but they're there if they want to.

I can tell you, though, something that's interesting about that: Open government is an initiative that we're really keen on. Our chair of Treasury Board is trying to look for ways to ensure that government data can be accessible to all who need it, and that's an area—it comes

into the Internet of everything, but it's something that we're very keen to be leaders in.

Deputy, do you have your number? I think I killed enough time for you.

Mr. Giles Gherson: The appropriation was just over \$15 million—\$15,071,800.

Mr. Taras Natyshak: And how much was spent?

Mr. Giles Gherson: I believe—we're just checking that, but I don't think we lapsed any funds from this division.

Mr. Taras Natyshak: Can you tell me how much was spent for enforcement?

Mr. Giles Gherson: I'm going to have to get you that number.

Mr. Taras Natyshak: While they're crunching the numbers over there—you referenced the toll-free number for the public to report AODA violations. What specific steps has the government taken to publicize the toll-free number, and how many calls has that number received in the last year?

Hon. Brad Duguid: I want to chat with you a little bit about that. I think we need to go beyond having a hotline number for people with disabilities that experience challenges or barriers. A good part of the calls we get are not things that would be considered infractions of the AODA, they're often things that could be human rights challenges or a variety of other things where businesses maybe, by law, don't need to comply but should. So I want to move beyond that. We want to have a hotline number that's there and will feed the information—which we didn't previously do—to our compliance folks, which is important, but it's not like we have an accessibility police force out there that, every time somebody calls, is going to be able to get into a car with a siren and get out to a site. We just don't have that level of resources to be able to do that. What it does do is it informs our compliance and our enforcement strategies as to where we're getting complaints.

Mr. Taras Natyshak: So I can understand and I respect the fact that you don't have an AODA police force out there and the capacity to do that. I know that some accessibility advocates have spoken to the government and advocated that other agents be given the ability to enforce the AODA. Have you looked at that type of mechanism, whether it be Ministry of Labour inspectors or health inspectors, even municipal—give the governance to the municipalities to be able to do it?

Hon. Brad Duguid: Yes. We've been open to that consideration, and my understanding is that we've had discussions with the Ministry of Labour, for instance, on those possibilities. Those discussions are ongoing.

Mr. Taras Natyshak: I know I'm focusing a lot on the enforcement side. I don't want to come down as the law on this, but imagine the frustration when you simply want to go out and get a bag of milk and you are met with that barrier, and you say, "You know what? I know there's a toll-free hotline somewhere, but I can't find it, and I know that these guys are supposed to have conformed to the standards and to allow me access to this enterprise."

A law is great. We have lots of them. We do them every day here, but without enforcement, of course, they are minimal in their impact. There has to be a balance there. I need you to reassure those with disabilities that you're doing all that you can to make sure that that balance is there.

Hon. Brad Duguid: Not only are we doing all that we can within the resources that we have, we need to go beyond that. This is where I talked a little bit this morning—and I may not have articulated it that well—about an initiative that we're also moving on that will provide people with disabilities that access a barrier with direct access to the public and the media to expose where there are barriers and to put businesses that are not complying or—whether they're complying or not—put businesses that are not doing what they should be doing—

The Chair (Ms. Cheri DiNovo): Mr. Natyshak, I'm afraid the time is up. We now move to the government side: Mr. Crack.

Mr. Grant Crack: Thank you, Minister, Deputy Minister and staff for being here this afternoon.

Just a follow-up in the line of questioning from my colleague MPP Kiwala, and I believe a couple of the members have talked about jobs in the province and what our government is doing. Minister, you've spoken about a number of programs that we've implemented as a government since assuming office in 2003. Also, when the recession hit in 2008 and 2009, there was an impact on our manufacturing sector. As we well know, manufacturing has been a major contributor to Ontario's economy over the years, but it seems to have been going through a period of transition, if I may say. I think, as you've mentioned on numerous occasions how we've come through the recession and the success that we've had with some of our programs. I also think as well that Ontario was fairly well-positioned prior to the recession that allowed us to be impacted perhaps not as severely as some of the other industrialized nations and subnational governments across Canada and around the world.

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You've spoken on a number of occasions about the creation of over 500,000 jobs since the recession. As I mentioned earlier, as I was speaking with regard to the transition in manufacturing, we have seen a resurgence in job creation and manufacturers having confidence in Ontario's economy, and perhaps our policies as well that you're a real champion of. I want to congratulate you on the work that you do and the knowledge you have on all the files. That's a huge ministry, so congratulations on all the work that you do. You represent us quite well as a province, not only just the government but as a province here and abroad.

So maybe if you wanted to continue with some of the other good-news stories that we've been doing, talk about our track record and feel free to add anything about our record.

Hon. Brad Duguid: I appreciate the compliments and your confidence, although I hope it's not just an indication that you want more EODF—

Mr. Grant Crack: No.

Hon. Brad Duguid:—Eastern Ontario Development Fund dollars to flow into your riding, because, God knows, I think we've done a fair bit out there. I know I've been out there a few times. You'd know the businesses better than I would, but one of my favourite beer companies, Beau's, is one of the ones that we've supported in the past through the Eastern Ontario Development Fund, and it's proven to be a really good investment. It's a company that's done well, creating jobs, and now as Ontario is opening up more opportunities for smaller craft brewers, the expectation for Beau's I would think is pretty positive. It's really developed a great niche there. What a unique business, with a couple of fantastic entrepreneurs, a father and son, if I'm not mistaken—

Mr. Grant Crack: Correct.

Hon. Brad Duguid:—as I recall. It's been a while since I've been out there. I've gone through the case of beer that I bought when I was out there some time ago now. But that's an example, to me, of what the Eastern Ontario Development Fund is really all about: helping a family business or a smaller business in a community that is a fantastic community but that doesn't have a huge diverse economic base, for the most part, that is striving to find ways to creatively create jobs. You get a company like Beau's out there, a fantastic company that I expect is probably growing, and hopefully will continue to.

I know you were instrumental a number of years ago in having a regulation passed here. When we talk about working closely with businesses, sometimes it's about working with businesses to get rid of regulations. Sometimes it's about working with businesses, as things evolve, and being agile and nimble enough to respond to their needs. I think it was when you were first elected here, if I'm not mistaken. You came here and said that there was something wrong with our regulations—that wasn't working for how Beau's packaged their goods. I'll certainly go back to you, if you want to explain that a little more, because it's an interesting story.

You complimented me, and I want to compliment you as well, because you were a local member who went to bat for them. It's not easy as a new local member to come to the big apparatus of government and say, "Can you change this regulation for this business?" Not only Beau's would have been impacted, but really Beau's was the only business that needed this regulation change at the time, and it gave it the flexibility it needed to market its products across the province, if I recall. So kudos to you as a local member for standing up for local businesses.

Maybe you can refresh my memory on—what was that regulation again? Do you remember?

Mr. Grant Crack: It was the regulation, Minister, that allowed Beau's to partner with Operation Come Home, which is a non-profit organization in Ottawa that would allow adults with life difficulties some employment that would allow the delivery of that particular product within

the city of Ottawa. So it was very well-received. We got a hero's welcome when we were there.

I thank the former Premier, the Honourable Dalton McGuinty, for recognizing that this was a challenge not just in my riding, but also right across the province. We've received a lot of positive feedback.

If I may say, Minister, as the rural representative—now we have MPP Kiwala in the far east—I've had the good fortune of going in to Stormont-Dundas-South Glengarry, Leeds-Grenville and other ridings that aren't held ridings and actually calling businesses across eastern Ontario and congratulating them on receiving the Eastern Ontario Development Fund. Every time that I called, they were very thankful and appreciative of this particular program. They are creating those jobs.

Hon. Brad Duguid: One of the interesting things about the regional economic development funds—when we first came forward with them, I wasn't sure whether they would have the economic impact they've had. Something like 31,000 jobs have been created through the regional economic development funds. We've invested about \$120 million, and that has leveraged \$1.3 billion since 2008. That's a significant amount of private sector development that these funds have been able to leverage. Even in Toronto, that's a big deal. But some of these communities are pretty small. One or two jobs matter. The nice thing about the regional economic development funds is that they actually reach out into these smaller towns and rural areas, and they're sensitive to the importance of being able to actually make a difference with, sometimes, a pretty modest investment.

I look at some of the Southwestern Ontario Development Fund projects: We've had projects in Guelph with Walinga Inc., Precision Resource Canada in Cambridge, Canada Tubeform in London, Ground Effects in Windsor, Ball Service Group in Kitchener, and Ontario Drive and Gear. I know that investments have been made in smaller communities; they're just the ones that I happen to have in front of me right now.

Then, I think of eastern Ontario and the investments we've seen in Kingston, in Cobourg, in Brockville and in other places through the years. In your community, in particular, you've seen a few of them. They're the kind of investments that really make a difference. It's small things, sometimes, that matter to a business—like that regulation you passed so that a government can respond really fast; like when we sit and do our round tables with a sector and we identify six issues that the sector may find challenging, and we say, "We're not just going to pay lip service to this. We're going to commit to respond vigorously within the next 60 or 90 days and fix these problems." Sometimes we're able to fix them in that short period of time. Sometimes we need to get started on a process to address them that might take a little bit longer. But they all, ultimately, get addressed. To me, that's what gives the business community confidence in a government.

For a lot of small and medium-sized businesses, in particular, it's challenging. To set up a restaurant in

Ontario today, when you look at municipal and provincial regulations, there are about 20 forms they have fill out—20 forms to set up a restaurant. I can guarantee you—and I haven't looked at the forms—that some of those forms, between the municipal forms and provincial forms, are probably the same damn information, but the business has to continue to fill them out.

We heard a story yesterday—I was with John Tory in the first meeting of our Toronto-Ontario burden reduction task force. We had heard a story from the CFIB about a restaurant owner who went through 10 banks to get funding and was refused each time, but still got their restaurant up and running. She never cried getting refused by the banks, but cried when they saw the amount of paperwork they had to do to get their restaurant going. Eventually, she got through it. That's the kind of thing where we can do better and we need to do better.

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In some ways, governments through the years have kind of worked in silos. We've worked in silos within our respective governments, department to department. We've really worked hard to try to break down those silos. We're going to do more, and you're going to see more announced very soon about how we can restructure ourselves internally here to tackle these issues within our government. But those silos also exist between governments. That's where I think there is a lot of incredible opportunity—easy opportunity—for governments if we find ways to better work together.

Sometimes, it's small. It's like cutting in half the number of forms—that's probably still too many—that a restaurant has to fill out to start. My understanding is that 30% of the information on those forms is the same information over and over again. Good God, with technology now, should we not have all that information that we already know somewhere in a computer, with a business identifier number, that we should be able to pull that up so that they don't have to fill out those forms—or they come already filled out, or they do it online? There's got to be easier ways for us to do this.

We may even be able to save our governments money by doing this—save taxpayers money—by reforming the way we do business in some of these areas. This isn't the stuff of headlines; this isn't the stuff that gets any of us re-elected. But this is stuff that really matters to small and medium-sized businesses.

We've committed ourselves. We passed legislation just recently. It's groundbreaking legislation—I think we're the first in the country to do it—that commits this government and subsequent governments to report annually on burden reduction. We're trying to find ways. This is something we're at the forefront of: measuring the time that our regulations take for business people to fill out and the amount of savings to businesses in terms of dollar savings. You've worked in a community that has all kinds of small businesses. You hear the complaints, I'm sure, in those areas.

We've made a lot of progress, so don't get me wrong. We've come a long way: 80,000 regulations reduced,

gone, in I believe six years. That's a pretty good track record. We've got the legislation we've passed that the CFIB has worked very closely with us on.

The Canadian Federation of Independent Business used to be seen as an organization that was just a critic of whoever was in office, federally or provincially—a fairly confrontational organization. They were there to represent small and medium-sized businesses. We're working really closely with them now. We're working much more constructively with them. Look, they're not going to agree with everything our government does, and that's fine and good—

The Chair (Ms. Cheri DiNovo): Minister, you have about five minutes.

Hon. Brad Duguid: —but they're working as partners with us. That's why they were at the table yesterday when we were sitting with the mayor and working on these issues. That's why we implemented—their number one ask to me, when I was economic development minister before and brought them into my office and said, “Look, let's work together. Let's achieve some things together rather than have this confrontational relationship where you criticize everything we do, but we never actually get on the same page.” We went out—I did a tour with them—to a number of different parts of the province, meeting with small business people. They then came to me and said, “This would be our number one ask. We would like to see some better analytics done and hold the government's feet to the fire to report on a regular basis on your burden reduction successes.” I think we were the first in the country to do it, certainly in legislation we were. I don't know if we were the first in the country to commit to reporting.

They were very pleased. In fact, we had the highest—they give us these annual report card marks. We ended up with a B+. If I came home with a B+ back when I was a student, I don't think my mother or father would have been all that impressed—not that a B+ is bad, but I think they would have expected better. But that, I think, was the highest mark in the country. They don't tend to award a lot of As. So working in partnership with them, we've now gained their confidence.

Optimism among small business owners is now on the rise, which is something that's always a good sign. When you look at small businesses, the Toronto, Waterloo and southern Ontario areas rank number 6 in the world. Waterloo, the small area that it is, has actually got more small businesses opening up than Singapore, which people would be surprised to know. That Waterloo-Toronto-Ottawa corridor is a hotbed for small businesses. And these are businesses that are growth businesses, which is really exciting.

There are 19,000 information and communication technology companies in the province of Ontario today. There is only one other jurisdiction that has more than that, and that's California with the Silicon Valley. They probably have a fair bit more than that because there's a huge amount of ICT businesses down there.

We're becoming a global force when it comes to information and communication technology, and these small businesses that we're seeing crop up right across the province are a driving force in helping to drive disruption in every sector of our economy. So when I see companies like League in MaRS now today that's a local company, or companies like Square in the news—a Canadian company. I'm not sure where they're from in Ontario, but an Ontario company, Square, doing an IPO where they're—I mean, that's a billion-dollar company, for all intents and purposes. I don't know what their final valuation was, but they're a huge success story.

When I see Shopify, an Ottawa success story—it came out of the Ottawa ecosystem. It continues to have a significant presence in Ottawa, a significant presence in Toronto. Just about a month ago they opened an office in Waterloo, where I think they're looking at hiring about a thousand people, if I'm not mistaken. I could be wrong on the number, but I think it is a significant number of people. They're global. It's a billion-dollar company. It's so exciting to see that coming out of Ontario.

At the same time, I look at that and I say, "We need to do more." We have got a lot of companies here that start, get going, and then to get the financing they need to get to scale, they may need to move to the Valley or go somewhere else. And that's, I think, our challenge for the years ahead: How do we get these small businesses to scale up into medium-sized businesses and then into global businesses?

We've got some success stories, OpenText, being one. Everybody uses BlackBerry is a story, and BlackBerry has spawned a number of others, like Desire2Learn, D2L, a company that continues to excel. It may be the best company of its type in its niche in the entire world today. I know that there were some articles about them in the last week, about how they've really excelled and gone global and are succeeding.

There are so many of those stories—

The Chair (Ms. Cheri DiNovo): Minister, your time is up.

Hon. Brad Duguid: —but I would argue we need more, and there are not enough.

The Chair (Ms. Cheri DiNovo): We now have approximately 22 minutes left. That means about seven minutes per party. We now go to Mr. McNaughton.

Mr. Monte McNaughton: Great. I just wanted to touch on a couple of things. You mentioned the restaurant which has to fill out 20 forms to open, I guess, is what you were referring to, something like that. What is the government's plan to reduce some of that paperwork that small businesses and businesses in general have to deal with?

Hon. Brad Duguid: Obviously, some of that information is necessary to get a restaurant licence. Some of it may involve—and I've never started a restaurant, but probably health issues and things like that. There are certain things restaurants have to do, and that may vary from municipality to municipality. The province would have our forms that you would have to fill out. I don't

know if the federal government has forms to fill out for restaurants. Municipalities would have certain types of forms—what we're looking at is to say, "Well, let's not work in isolation anymore." Maybe we can combine our forms. Maybe we can share the information in this day of technology, so that the business owner doesn't have to continually fill this stuff out, and reduce the burden on them and the time it takes for them to deal with their respective levels of government.

1650

Mr. Monte McNaughton: That's certainly a concern.

Hon. Brad Duguid: I know. I saw your eyes light up when we were talking about that. You're a small business guy, so that's—

Mr. Monte McNaughton: Well, as a small business owner, it is frustrating, obviously.

I wanted to ask you too—I remember, when I first questioned you at the beginning of this session, we talked about—I think it was Don Drummond, or maybe in one of your budgets, you talked about moving to a one-window approach. Can you update the committee on the progress in moving to a one-window approach?

Hon. Brad Duguid: Do you mean a one-window approach for filtering in changes for regulatory burden or investment?

Mr. Monte McNaughton: Yes. I thought that you were trying to, within the ministry—I'm not sure if it's condensing programs, so there's a one-window approach for businesses to go to. I think that's what—

Hon. Brad Duguid: There are really two or three different areas where that applies. One is those that want to invest in Ontario. Some countries—Mexico has done very well at this, and others have as well, where a prospective investor has one place, one office to call that helps them weave their way through all the other levels of government or procedures they need to do to make an investment—buy a piece of property, go through a planning process. So there's that concierge service, which we're working on now and we'd like to implement in Ontario. It's something that I'm very keen on seeing us do. I think it would be helpful.

There are some discussions that we've been having on how do we better bring in feedback from businesses on regulatory burden issues? Because if a business has a problem with one particular ministry, do they go to that ministry or do they go to the Minister of Economic Development to champion it for them? Are our mechanisms within government aligned in a way that there's one place they can go, and it will be a strong enough place to get them the action they need?

The way governments are currently structured today—not just our government, but I would suggest most—we often still have silos on those kinds of issues. We need to find a way to break down those issues. We'll have more to say on that in the coming months, but we've put some very serious work together on how we can break that down.

I think that's probably what you were thinking of.

Mr. Monte McNaughton: Yes, it certainly was sort of that concierge approach.

Has the government laid out a plan to reduce red tape even further? Have they set targets, moving forward, specifically?

Hon. Brad Duguid: Yes, we have. In fact, the figure I believe is \$100 million in savings by a particular date, which would be—if somebody could help me with that—

Mr. Giles Gherson: It's 2017.

Hon. Brad Duguid: —2017, I think the deputy believes it is. Part of that is our stakeholders like the CFIB—when we talk to them, they say that it's okay to talk the talk; we want to make sure that we're getting to specific goals as much as we can.

So, yes, we do have specific goals in terms of savings to businesses.

Mr. Monte McNaughton: Just to finish up, a question I wanted to ask earlier, and I'm not sure if a colleague of mine asked this before, talking about MaRS and the Johnson and Johnson contract between the government and Johnson and Johnson: Has that been made public?

Hon. Brad Duguid: These contracts are not made public. They are often commercially sensitive information that would impact the competitiveness of the organizations. So, in answer to your question, the full contract has not, and, I believe, could not be made public.

Deputy, I'll get you just to confirm that because sometimes the answer coming from a political representative is one thing, but I think it's important to hear from the deputy as well.

Mr. Giles Gherson: I think you're right, Minister. What we've announced is that we have a contract with JLABS for them to fit out one of the floors in the MaRS west tower. But the terms of that contract have not been made public for—

Mr. Monte McNaughton: But the dollar amount has been. Right? The \$19.4 million?

Mr. Giles Gherson: That is only the provincial contribution. That's not the full amount. As the Minister stated yesterday, and I think he stated at the time, the considerably greater investment is by JLABS itself.

Hon. Brad Duguid: Usually, on most of these contracts, the investment by the company is something that they make public at the time. In this case, Johnson and Johnson, or JLABS, indicated that, for competitive reasons, they weren't—and they may be opening these types of labs in other locations, and they have, so they probably don't want to disclose how much they're investing in each place.

Mr. Monte McNaughton: Can you disclose—and again, I may have missed it when my colleague asked, if they did—how many jobs they had to create? Were there any guarantees?

Hon. Brad Duguid: No. I can assure you that, ultimately, it will be thousands of jobs.

The Chair (Ms. Cheri DiNovo): The time is up, Mr. McNaughton.

We are going to move to the third party now. Mr. Natyshak, you have about seven minutes.

Mr. Taras Natyshak: Given the recent changes that the federal government has initiated in terms of the P3 procurement model as it relates to joint provincial-federal projects, eliminating the \$100-million threshold: Are you planning on reviewing your \$100-million threshold that the Auditor General recommended, and eliminating it completely in terms of having to go through a value-for-money on individual projects over \$100 million?

The rationale that the federal government has given is to expedite money rolling out to be able to get infrastructure projects online quicker. They've identified it as a burden to timely completion and timely commencement of infrastructure projects. They're sending you a signal at the provincial level that we can do this probably quicker and, as I've argued, as our party has argued and as the Auditor General has argued, probably cheaper as well. Does that give any weight to procurement on the provincial side?

Hon. Brad Duguid: No. Well, first off, that is not the signal that they're sending. We've had discussions with the federal government about this. What the federal government is saying—and through their actions actioning—is the fact that provinces ought to determine what form of procurement they plan to use. The previous Harper government put a philosophical lens to those investments and imposed a measure that would have made provinces have to do AFPs—

Mr. Taras Natyshak: Are you not doing the same thing, putting a philosophical bent on procurement by having a threshold?

Hon. Brad Duguid: No. We've set the threshold so that we have a standard to provide us with assistance in determining what projects should be funnelled one way and what projects should be funnelled another way. That—

Mr. Taras Natyshak: Okay. I've only got seven minutes, I've got to cut you off. I don't mean to be rude, Minister, but I've got four questions for you. You gave me an answer, I get it.

Do you know what the unemployment rate is in Windsor right now? Nobody tell him. You guys sit down.

Hon. Brad Duguid: I know the unemployment rate in Windsor is—I believe the last we checked—pretty to close to double what the unemployment is in Ontario, and I—

Mr. Taras Natyshak: It's 9.7%. It was 9.7%; it went up to 9.8%. It is unacceptably high and has been for—before your party became government. This is going on decades here. We've lost tens of thousands of manufacturing jobs.

Hon. Brad Duguid: Yes. In fairness, it has gone down substantially. It's gone down from 15.7% during the recession. It's now at 9%. That's not an acceptable rate, which is why we've worked so hard to roll out our regional economic development funds—a number of them have gone to Windsor—and why we continue to work with that jurisdiction to try to attract business.

Mr. Taras Natyshak: You mentioned globalization earlier in one of your responses as an indicator of the

challenges that growth and economic growth domestically specifically when it comes to manufacturing.

1700

Undoubtedly, we've seen manufacturing head to low-wage jurisdictions, whether they be the southern United States or Mexico. Now, with the proposed Trans-Pacific Partnership agreement, they will be going to jurisdictions like Vietnam, where hourly wages are roughly 50 cents an hour. Does that not give you pause to reconsider the province's position and to review the impacts of the TPP on manufacturing, as has been indicated by the Canadian manufacturers' association, which has presented some real concern around the impacts of the TPP on manufacturing?

Hon. Brad Duguid: When we're talking about a trading block that's going to be 40% of the world's trade, it's one where Ontario and Canada would need to have a pretty good reason not to want to be part of. It's not that the agreement is perfect—

Mr. Taras Natyshak: Oh, we can be part of it. Even state legislators are saying they want to review some of the aspects of this, given the final language on it and the impact that it has. This is Republicans and Democrats on the—

Hon. Brad Duguid: I think our federal government is wise to take a close look at it because we really have just gotten the wording of this agreement just recently—

Mr. Taras Natyshak: So will you take a closer look at it and—

Hon. Brad Duguid: We have been, and we'll continue to. Ultimately, the decision will rest with the federal government. I would say, as I've said all along, we have expressed some concerns with the impacts on the auto sector, although in the auto sector many companies have a different perspective. Many have contacted me and urged us to be fully supportive because they feel they can compete under the TPP initiative. Some small or medium-sized companies in the supply chain have expressed concern. So we've listened carefully. We're continuing to review the language to determine what the potential impacts would be, and potentially—

Mr. Taras Natyshak: We've seen impacts of multi-lateral trade agreements before—

Hon. Brad Duguid: —whether there would be a need for some federal assistance to help through the transition.

Mr. Taras Natyshak: The GATT free trade agreement, NAFTA—I mean, we've seen the decimation of our domestic manufacturing under trade agreements that really open the door to low-wage jurisdictions—

Hon. Brad Duguid: Surely, though, your party's not taking the position that when 40% of the world is signing on to a free trade agreement—

Mr. Taras Natyshak: Surely, if our party had been negotiating those trade agreements, they would have been fairer, rather than freer—

Hon. Brad Duguid: —you want to be outside of that free trade agreement. That would put our manufacturing sector—actually, that would have the potential of putting our manufacturing sector—

Mr. Taras Natyshak: Look, I live in the coal mine where the canary has died due to the effects of trade agreements. You've seen it. You've seen those plants shutter under trade agreements—

Hon. Brad Duguid: But you've also seen a comeback happening in Windsor as well.

Mr. Taras Natyshak: No, not to the extent—

Hon. Brad Duguid: We've seen 50 manufacturers in 2013-14—

Mr. Taras Natyshak: If you're arguing that Windsor has come back—

Hon. Brad Duguid: We've seen 1,200 businesses open in Windsor.

Mr. Taras Natyshak: —then you've got to come down a little more often and see—

The Chair (Ms. Cheri DiNovo): Thank you, Mr. Natyshak.

We now move to the government side. Mr. Dong.

Mr. Han Dong: First of all, for the record, I just want to thank you, Minister, for the good work you do at the ministry in promoting Ontario tirelessly around the world. Being the number one jurisdiction in terms of attracting direct foreign investment, it doesn't just happen by chance. So I want to thank you for that good work, and also for having to answer these tough questions not just in the House but in committee. I know it's a lot of pressure. It's a lot of work for you.

But I'm going to bring this back to the local level, which has to do with Pan Am. We've heard before that a big part of the reason that we went after Pan Am was to ensure a legacy in different various communities. How will the Pan Am athletes' village and the sporting venues be used now that the games are finished? I understand that in the past there were plans and there were talks about how this legacy will play a big part in our communities and provide a long-lasting legacy to support our young athletes in various communities.

Hon. Brad Duguid: I think I got tougher questions from my side than I have from the opposition through most of this estimates committee. We've had some good discussions.

One of the things that I think Ontarians were very proud of is the fact that we put on a Pan Am Games that was second to none. One of the things that makes me very pleased, as the minister responsible for accessibility, is the fact that we put on the most accessible games ever held, and that's important.

At the same time, it did demonstrate to us that there is still further work for us to do. During the games, something that I think will become an annual legacy piece for me, as Minister of Economic Development and minister responsible for accessibility, was something we put on called the Accessibility Innovation Showcase. It was done at MaRS; a phenomenal turnout. I expected there to be, maybe, about a half-dozen or so small businesses showing their innovations there over the course of time. There were dozens—dozens—of small businesses. I don't know how many altogether; probably 60 or so that were there, maybe more.

They were demonstrating technology that just knocked my socks off. I met a young lady who was part of a company. She was severely visually impaired. She had never seen her daughter. The technology, which has been invented here in Ontario, allowed her to see her daughter for the first time. Just awesome stuff.

I met a young man. He was a hockey player and, as soon as I saw him, I could tell—you can tell hockey players; they have this unique frame. But he was disabled. He'd been hurt playing hockey, I believe, and he didn't have movement in parts of his upper body. He was determined, though. He wants to get back on the ice. He was told he was never going to move his arms again—or at least one of his arms.

There is a device that they had for him that helps him with physio—Ms. Kiwala has seen it—that's helping him do things with his body that he wouldn't have been able to do in the past. It's speeding up his recovery to a point where he was saying to me that he is confident he's going to get back on the ice. His hockey career is probably over in terms of maybe achieving what he hoped to achieve, but the kid's probably going to play again one day. I saw a gentleman there who was doing similar—who had a severe injury or it may have been some form of a disease that was taking away his ability to move.

The list goes on and on. What we were talking about earlier, about disruption in small businesses and innovation—this is an area of great opportunity for us economically. It's all part of that bioscience cluster. The amazing thing is the impact it's going to have on people's lives, making people, who didn't have hope of being able to walk, walk, or see, see or hear, hear. It was awesome to see. That's a legacy piece in and of itself. The discovery of that huge cluster that's so exciting for us, to me, is something that we'll be able to run with.

I come from Scarborough, as you know. The Pan Am Games swim facility was there—TPASC they called it; I'm trying to think what the acronym stands for—an incredible piece of infrastructure, game-changing for that community, in partnership with the University of Toronto Scarborough campus. In fact, students voluntarily put forward a fee that they'll be paying for some time to contribute to the building of that infrastructure. The

University of Toronto, the city of Toronto, the federal government and the province all contributed to that.

I remember my days as a city councillor starting out in Scarborough, before Toronto amalgamated, when people would come to council, calling for us to have an Olympic pool. That was over 21 years ago and Scarborough had not been able to get that Olympic pool until that facility was built. It is now the best athletic facility anywhere in the country today. It is attracting athletes from across the country, which is great for the University of Toronto Scarborough campus because they're getting all kinds of elite athletes from across the country to come there to train. Our synchronized national swimming team swims there. All kinds of athletes are training out of there for aquatics.

Just as importantly—

The Chair (Ms. Cheri DiNovo): Your time is up, Minister.

The time for consideration of these estimates has expired. Standing order 66(b) requires that the Chair put, without further amendment or debate, every question necessary to dispose of the estimates. Are the members ready to vote?

Shall vote 901, ministry administration program, carry? Carried.

Shall vote 902, economic development, employment and infrastructure programs, carry? Carried.

Shall vote 903, research and innovation programs, carry? Carried.

Shall the 2015-16 estimates of the Ministry of Economic Development, Employment and Infrastructure/Ministry of Research and Innovation carry? Carried.

Shall I report the 2015-16 estimates of the Ministry of Economic Development, Employment and Infrastructure/Ministry of Research and Innovation to the House? Carried.

Just before we conclude today: You all received the minister's letter. Minister Zimmer is unable to attend tomorrow and has asked that Deputy Minister Deborah Richardson appear in his stead. Is that okay? Okay. Thank you.

We are adjourned until tomorrow at 3:45.

The committee adjourned at 1711.



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**Legislative Assembly
of Ontario**

First Session, 41st Parliament

**Assemblée législative
de l'Ontario**

Première session, 41^e législature

**Official Report
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(Hansard)**

Wednesday 25 November 2015

**Journal
des débats
(Hansard)**

Mercredi 25 novembre 2015

**Standing Committee on
Estimates**

Ministry of Aboriginal Affairs

**Comité permanent des
budgets des dépenses**

Ministère des Affaires autochtones



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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATES

Wednesday 25 November 2015

COMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Mercredi 25 novembre 2015

The committee met at 1606 in room 151.

MINISTRY OF ABORIGINAL AFFAIRS

The Chair (Ms. Cheri DiNovo): Good afternoon. The committee is about to begin consideration of the estimates of the Ministry of Aboriginal Affairs for a total of 15 hours.

I would like to remind everyone that the purpose of the estimates committee is for members of the Legislature to determine if the government is spending money appropriately, wisely and effectively in the delivery of the services intended.

I would also like to remind everyone that the estimates process has always worked well with a give-and-take approach. On one hand, members of the committee take care to keep their questions relevant to the estimates of the ministry. The ministry, for its part, demonstrates openness in providing information requested by the committee.

As Chair, I will allow members to ask a wide range of questions pertaining to the estimates before the committee to ensure they are confident the ministry will spend those dollars appropriately. In the past, members have asked questions about the delivery of similar programs in previous fiscal years, about the policy framework that supports a ministry approach to a problem or service delivery, or about the competence of a ministry to spend the money wisely and efficiently. However, it must be noted that the onus is on the member asking the question to make the questioning relevant to the estimates under consideration.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer.

Any questions before we start?

Ms. Deborah Richardson: No.

The Chair (Ms. Cheri DiNovo): No? I believe there's a motion to be made. Mr. Bisson.

Mr. Gilles Bisson: Yes, just on a point of order, Chair. I have something else I have to attend, and I would ask, after the ministry does its presentation, that we switch the

order between the Conservatives and New Democrats, which we've agreed to.

The Chair (Ms. Cheri DiNovo): Is everybody okay with that? Okay.

Mr. Gilles Bisson: Thank you. Much appreciated.

The Chair (Ms. Cheri DiNovo): All right. We start now with the ministry, so it's your turn to go. You have 30 minutes.

Ms. Deborah Richardson: Good afternoon. Ni'n telvisi Deborah Richardson. My name is Deborah Richardson and I'm a member of the Pabineau First Nation in New Brunswick. I'm the deputy minister here. I have on my right Alison Pilla, who's assistant deputy minister of the strategic policy branch; I have Paula Reid, who's our CAO; and I have David Didluck, who's the assistant deputy minister of negotiations and land claims.

Firstly, I'd like to acknowledge the traditional territory of—many indigenous nations have resided in this area over the years, but specifically the Mississaugas of the New Credit.

Minister Zimmer does send his regrets as he's unable to be here today. I was just kind of alluding—it's a big day and a big week for us. The week is called Leaders in the Legislature, where all of the chiefs are in town and they meet with a number of ministers, including the Premier and the Deputy Premier, over the course of a couple of days.

Mr. Gilles Bisson: And members of the opposition, too.

Ms. Deborah Richardson: And members of the opposition—they're meeting with everybody, so it's a big deal.

Right now, as we speak, there is a youth symposium over at the Eaton Chelsea and then there will be a broader relationship table a little bit after that I hope to make, depending on how we do here.

Really, it's great to be able to brag a little bit about the ministry that I am the deputy of. Part of the job in the portfolio that we have is meeting with indigenous groups across the province and meeting with leaders and organizations, understanding what their concerns are, and supporting them in manoeuvring. Sometimes they need to be connected with industry, sometimes they need to be connected with other ministries, and sometimes with the federal government, so a lot of what we do is that.

We also celebrate achievements and build long-lasting and productive relationships. What stronger motivations

can there be to build and strengthen those relationships with First Nations, Métis and Inuit—because aboriginal people include three categories of groups, as defined by the Constitution, which are First Nations, Inuit and Métis. In the province, Inuit are more located in urban settings and, predominantly, a larger population in Ottawa and in Toronto. Métis live throughout the whole province, and there are over 133 First Nations in the province, so they're located everywhere, from probably all the areas that each of you represent.

It's amazing to see how far our ministry's rather small budget, which I must add—this is estimates—is 0.001% of the government's total budget—I wish it was more, but it's not. And it goes across the diverse aboriginal community in Ontario.

In addition, there is quite a large urban aboriginal population that resides in the province of Ontario, and, in fact, in a previous life I used to run the Friendship Centre here in Toronto. There are over 70,000 aboriginal people who live in this city. You kind of get lost in the cloud of the cultural mosaic that we live in, but it's quite fascinating, actually.

MAA and the partner ministries that we work with have strong mandates from the Premier to ensure that the respective ministries and aboriginal affairs work closely with aboriginal people to provide them with greater opportunities to participate in the workforce, the economy and reaching their potential. It was funny; yesterday, the Premier addressed the chiefs, and they commended her on the mandate letter and she commended the federal government, and the chiefs said, "Well, actually, you got the mandate letter idea from us." People were laughing. It really does have a bit of a road map for people to follow.

Across government, we are taking action to close gaps in health, education, justice, housing and more. I am really appreciative of those partner ministries to move the yardstick forward effectively and as quickly as possible because everybody in this room—it doesn't matter where you're from; if you're from the north or from the south, or if you're in an urban setting, or you're familiar with First Nations communities—we need to change. We need to reset the table and change what's happening right now in this country, and in this province specifically.

The success of aboriginal people in Ontario is critical to Ontario's competitive edge. So, again, while the budget is small and its growth is restrained, like others in government, we are challenging ourselves to improve our own effectiveness and efficiency measures to better define longer-term outcomes.

Much has been accomplished in reconciling relationships, all of which moves us toward our overall goal of the ministry which, when you look at our website, is working toward improving the lives of aboriginal people—First Nations, Inuit and Métis people—in this province.

I'd like to share a few specifics about what we actually do and what we've achieved. This past August, we signed a political accord which was the first in decades with First Nations partners. This accord builds on the State-

ment of Political Relationship signed by the then NDP government in 1991 to improve relationships. What's really interesting is that Grand Chief Gord Peters, who was the one who actually—I was sitting across the table, and Alison, negotiating with him. He was the one who had negotiated the first one, so he really had that vision and wanted to—

Mr. Gilles Bisson: The statement on political relations?

Ms. Deborah Richardson: Yes, he negotiated that.

Mr. Gilles Bisson: Wow. I was there, and I don't remember that.

Ms. Deborah Richardson: He negotiated with Bob Rae. So that was his vision, to be able to have that, because he felt that that's the broader vision, and then it's something to work toward for First Nations. It was an important step in the ongoing revitalization of First Nations' communities in achieving real progress. Most of all, it's an opportunity to move forward in a spirit of respectful coexistence and make a real difference in the lives of indigenous peoples across the province, and to start building a better future for everyone's children and grandchildren.

It was actually quite the honour to be at the signing ceremony with all of the Political Confederacy. For those of you who don't know, the Political Confederacy is the regional chiefs and the grand chiefs and then a number of the larger, independent communities. They are representative of the leadership. We were able to sign the accord with Ontario Regional Chief Isadore Day, joining Minister Zimmer and the Premier. Actually, it was lovely, because a lot of other ministers and deputy ministers were able to attend, and some other chiefs.

The accord recognizes First Nations' inherent right to self-government and commits the parties to joint discussions on common priorities. Those common priorities include the treaty relationship, resource benefits and revenue sharing, and jurisdictional matters involving First Nations and Ontario. Discussions on jurisdiction and self-government are aimed at finding practical ways to implement these concepts that create real opportunities for First Nations and will help move this province forward.

Over the coming months, Ontario will also be looking for opportunities for meaningful partnerships and arrangements with other aboriginal groups and communities that lead to improved outcomes for our children and grandchildren. Myself, I'm the mother of five First Nations children and I'm very interested in making sure that my children have a really good future and know who they are in terms of their own identity.

Ontario's growth really depends on renewing that historical partnership that we have with First Nations and Métis communities. By renewing that partnership, we'll all have a better understanding of the role treaties played in our shared history. As the Premier said in August, we all need to understand that "when this relationship is not respected or when the trust is broken, the consequences are painful and long-lasting."

I just came from a lunch with Justice Murray Sinclair at Humber College. The work that he has done around the Truth and Reconciliation Commission I think resonates with all Canadians regardless of political party or alliance or regardless of background. I will speak to that a little bit as we get into that.

I'd like to take a few moments to talk about our treaty strategy. The relationship set through the political accord will facilitate the engagement and joint work to be done under the treaty strategy that was announced in the 2014 budget. Actually, for your information, Mr. Bisson, we are signing an MOU tomorrow with the communities that you represent in the James Bay, the Mushkegowuk.

Mr. Gilles Bisson: Yes, I talked to some of the chiefs.

Ms. Deborah Richardson: Yes, so it's really exciting.

This strategy is about creating a broader understanding, not only within government but across Ontario, that treaties matter. Ontario is unique in Canada for the number and variety of treaties, with 46 treaties and land purchases covering the province. They are relevant today and not just agreements in the past. Treaties are the foundation of the development of this country. They created rights and responsibilities for Canada, Ontario and for First Nations.

Last year, the government committed to a treaty strategy that promotes constructive engagement with First Nations communities, now embodied in the new political accord, on areas of mutual priority. It commits to developing an education and public awareness campaign on treaty and aboriginal rights. I do have to add—well, I live in Nipissing First Nation and in Thornhill—my one daughter is in grade 8 and people in her class did not know that there are still First Nations people in Canada. This is grade 8, so we have to do something. I want my kid to be able to go to school and know that other people see her—just like they're learning about other groups too. But the first peoples of this land, people need to know who they are. The treaty strategy also helps facilitate meaningful relationships with aboriginal communities by creating a common language and approach to revitalizing the treaty relationship.

I'm pretty proud of the stuff that we do at aboriginal affairs. Anyone who doesn't know, First Nations and aboriginal groups are very active on social media—very active—and part of it is because, when you're living in remote communities, that's how people connect. Last year, we launched the social media campaign #TreatyON, which has created a wide interest and a buzz on Twitter and Facebook.

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We've also supported and promoted treaty awareness initiatives created by partners, including the city of Thunder Bay's Walk a Mile Film Project and the Anishinabek Nation's We Are All Treaty People teachers' kit. It's awesome. The Anishinabek Nation actually created a wampum belt that's made out of Lego, but there's a curriculum that's attached to it. So kids are able—it's actually harder than it looks—to put together this Lego, and there's a whole curriculum. The Union of

Ontario Indians, or Anishinabek Nation, didn't realize the demand. Teachers are willing to pay the money and are looking for it because they're looking for tools in their toolbox to educate their classrooms.

The Ministry of Education is revising the provincial curriculum to include treaty requirements for students to learn about indigenous cultures and histories, including—which I think is very, very important—residential schools and rights and responsibilities as treaty people. To support the updated school curriculum, our ministry also developed and distributed more than 11,000 First Nations and treaties maps of Ontario.

As we gain a greater understanding of our shared history, we are also assessing the recommendations delivered by the Truth and Reconciliation Commission, the TRC. In government, we have to resort to acronyms at some point. The commission released its executive summary and Calls to Action in June, and over the course of the closing ceremonies, Canadians bore witness to a dark period in our history, all of our history: a history that went unacknowledged for more than a century and which many of us are only now coming to grips with. Using the language of the 21st century, the commissioners, the Premier, Minister Zimmer, our chief justice and so many others exposed this dark chapter to generations of Canadians who were ignorant of this colonial past and the legacy of state-sanctioned abuse and assimilation.

Those closing ceremonies—for any of you who watched or even read the newspaper; it was so moving—and the commission's concluding statements and reading of the Calls to Action and the recommendations were very painful. But the commission's report and the spotlight it continues to shine on our painful shared history also represents an opportunity for all of us—all of us in this room, anyone that we meet—to make a real difference in the lives of people, to teach a new generation about our past and show how, working together, we can move forward in a spirit of reconciliation.

So, just as we're updating the school curriculum to teach students about treaties, we're also making instruction on residential schools mandatory—a key recommendation that was made by the commission.

Taking action on the commission's recommendations is a very important priority for Premier Wynne and Minister Zimmer. I'm really encouraged by the federal government's leadership and commitment in response to the Truth and Reconciliation Commission, not only as a deputy minister, but as an indigenous person in this country. It makes me really proud when I see people making this a priority. Average citizens will just approach me, as the deputy of aboriginal affairs—and people want to do something. They don't know what it is, but they want to do something. There's a lot of goodwill out there, and we just have to capitalize on that goodwill.

We're working, right now, across governments to review what people can do and what people plan on doing, both from a policy and a pragmatic perspective, and understand how we can act upon these within the government ourselves.

Premier Wynne committed the government to work with partners on actions that respond to the commission's recommendations. Those conversations will continue this week as part of the Leaders in the Legislature, which we were speaking about. A lot of you are meeting with chiefs to have those discussions.

We're committed to pursuing reconciliation from a perspective that honours survivors, encourages critical thinking and teaches an understanding of both the short- and long-term consequences of residential schools.

I'd like to take a moment to speak about—one of the things that the commission's work talked about was the abuse suffered by aboriginal children at residential schools that may have ended, but too many aboriginal women and girls in particular continue to be at risk with the higher rates of violence and abuse. The circumstances may be different and the perpetrators may be different, but we must apply the lessons learned from residential schools and use the spirit of the Truth and Reconciliation Commission to guide those efforts that we take to eliminate violence against aboriginal women and girls.

The Ontario government is really pleased with the new federal government's position calling for a national inquiry into missing and murdered indigenous women. I notice that all parties, federally, have taken that position, even the Conservatives, when their position before wasn't that. The minister, Carolyn Bennett, is looking at meeting with families and trying to shape what that route is and what the inquiry is, based on the feedback she hears, and really understanding the roots and finding solutions to this ongoing tragedy.

We'll continue to support the indigenous communities and partners that we partner with on this. We actually have a group with the Ontario Women's Directorate called the joint working group. It's comprised of representatives from the Chiefs of Ontario, the Ontario Federation of Indigenous Friendship Centres, the Ontario Native Women's Association, the Métis Nation of Ontario and some independent First Nations. It's a joint working group where we work together on these issues. It's actually really unique, in terms of the province; I think BC has looked at replicating something like it. We have 10 ministries that also sit at that table.

We continue to develop a long-term prevention strategy and some other specific initiatives, such as awareness, that we hope will someday support a national strategy. We're also actively involved in the national framework for coordinated action to end violence against aboriginal women and girls and the Draft Justice Framework to Address Violence Against Aboriginal Women and Girls. The first national round table was held in Ottawa this past February. Ontario supported 10 proposed actions that we jointly developed with the aboriginal partners we work with, and we tabled that at the round table.

Land claims are also a large part of the business that the ministry undertakes. We've made significant progress in strengthening relationships through resolving claims and doing some more quickly. We've met its public

commitment to reach a decision on new land claims within three years, on receipt of a complete land claim submission. Ontario's number of claims is 67. We had eight in research and assessment, 50 in negotiations and nine settlement agreements being implemented. I just want to share a couple of quick updates on that.

Since 2003, Ontario has settled 20 land claims and land-related matters involving the transfer of 58,604 acres of land to Canada, to be added to First Nation reserves, and compensation packages totalling \$615 million.

In March 2014, Ontario, Canada and Pic Mobert First Nation initialled the final agreement pursuant to the 1991 Land and Larger Land Base Framework Agreement. The final agreement has been signed, and planning will begin soon for a tripartite celebration involving the federal government—there was a bit of a hiatus when in election mode.

In January of this year, Ontario and the Chapleau Ojibwe First Nation initialled the final agreement for the First Nation Treaty Land Entitlement under the terms of Treaty 9. This agreement was implemented fully in April 2015.

A proposal for the transfer of the Burtch lands to a community-based corporation to be set up on behalf of the community by the Six Nations Elected Council was supported, and the decision to move forward within that transfer has been made, transferring it to the community of Six Nations at large.

The Algonquin—those of you who have been around a long time probably know quite a bit about the Algonquin. Its most exciting work is done. These tripartite negotiations involve Canada, Ontario and the Algonquins of Ontario, all working together to achieve a negotiated settlement that will produce Ontario's first modern-day constitutionally protected treaty.

Mr. Gilles Bisson: Bob Rae tied himself to a tree there.

Ms. Deborah Richardson: What?

Mr. Gilles Bisson: Bob Rae tied himself to a tree there.

Ms. Deborah Richardson: Really? I love to hear all this history. It's so odd; so many people have so many gems of stories.

Mr. Gilles Bisson: It's a whole other story.

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Ms. Deborah Richardson: You'll have to tell me about it after, please. I love it.

This June, a new milestone was reached—which was really, really exciting—when the negotiators for Canada, Ontario and the Algonquins of Ontario initialed a proposed agreement in principle, an AIP, for the Algonquin land claim. While this agreement in principle is not legally binding, it is a key step towards the negotiation of a final agreement that would take the form of Ontario's first modern-day treaty.

During the course of this Algonquin land claim negotiation regarding the agreement in principle, an unprecedented amount of information has been provided to the

public. There's been a lot of interest, a lot of questions. Ontario has engaged in extensive consultations to improve public understanding of the negotiation process and the proposed elements of an agreement. Input received has helped enhance the negotiators' understanding of the public and stakeholder interest.

The ultimate goal of these negotiations is to reach a final agreement, which will balance the rights of all concerned and open up new economic development opportunities for the benefit of the Algonquins and their neighbours in eastern Ontario.

Minister Zimmer did ask that I convey his personal appreciation of MPP Vic Fedeli's and MPP Norm Miller's efforts on this file. On behalf of their constituents, these members made very valuable contributions as a part of the consultation process, and for this, he thanks them.

There are several years of work ahead on this file, with many opportunities for public consultation and input before a final agreement will be reached. Ontario really looks forward to moving forward on this.

Another element of Ontario's reconciliation efforts is our work with aboriginal communities and entrepreneurs to promote new economic opportunities. An early initiative was the launch of the New Relationship Fund—this goes back to 2008. Since that time, we've invested over \$111 million to help close to 200 First Nations and Métis communities and organizations to engage in consultation activities with governments and industry in resource-based economic development opportunities and provide increased economic development and skills training opportunities.

There was also, in 2014, the launch of an Aboriginal Economic Development Fund, funding over \$25 million over three years. The fund supports aboriginal communities in the development and implementation of long-term economic strategies, contributing to diversification and strengthening the treaty relationship. It also addresses key barriers by providing grants and loans for aboriginal businesses, and funds province-wide and regional projects that help access to financing and skills training.

The Chair (Ms. Cheri DiNovo): Deputy Minister, you have about five minutes left.

Ms. Deborah Richardson: Five minutes. Thank you.

We might dive into some of the questions, but maybe through questions, I might be able to respond to some of these things. Just to highlight, we do provide some capacity for research and data collection on economic development to the Canadian Council for Aboriginal Business. We also support the Métis Voyageur Development Fund and a number of other projects to support communities in development efforts with industry.

We also provide core capacity, which is really, really important because these communities are inundated with piles of EAs and inquiries, so having a core person has been really, really important for those communities that are overwhelmed with initiatives.

We also launched a provincial Aboriginal Procurement Program earlier last year. It makes it easier for aboriginal

businesses to access government procurement opportunities.

Children and youth—I would like to touch on this. I know I have five minutes. We are committed to working with all children across this province, but specifically First Nations, Métis and Inuit children, to get the best start in life. We do support the Ministry of Children and Youth Services in building the Aboriginal Children and Youth Strategy, which is a really comprehensive engagement strategy, working with all partners.

Also, a number of ministries—something that I'm really proud of that I worked on when Brad Duguid was the Minister of Aboriginal Affairs was the Right to Play initiative, where Right to Play is in a number of communities across this province, providing leadership skills and life skills through sport and other activities. More than 4,500 children and youth have participated in these programs. Hearing anecdotal examples from a principal in Moose Factory, where there was vandalism before the program, and all of a sudden, now that the program is in place, the kids having something to do is really great and really exciting.

We also continue our work through the Office of the Provincial Advocate for Children and Youth, through the Feathers of Hope forum and recommendations proposed by the youth. It's a great example. Feathers of Hope is through the Nishnawbe Aski Nation, which is up in the north. Also, the Intergovernmental Network on Nishnawbe Aski Children and Youth is coming together to really understand what the unique challenges of the north are for youth living in the north.

I'm going to do a quick conclusion because I know we have two minutes, probably.

Various reports, including the recently released TRC, helps increase understanding of everybody across Ontario. A key part of our mandate is that all future generations of Ontarians have an understanding of fundamental truths from an indigenous perspective, about the relationship and about treaties, not like the old textbooks you read that weren't really reflective of that. We must continue to help non-aboriginal and non-indigenous Ontarians understand that First Nations were the original occupants of this land, that they were here when Europeans came, that they were never conquered, and they have always possessed rights.

All Ontarians must understand that treaties were formal exchanges of promises that created rights and responsibilities for all of us. These rights and responsibilities are a part of our constitutional framework, and treaties represent solemn agreements to live together on this land. They were meant to last, and they are as relevant today as the day that they were signed.

The next generations must understand the truth about treaties and broken promises. Without that understanding, the patterns of distrust and disrespect, so firmly entrenched by our colonial past, will continue to echo. In this new spirit of co-operation and reconciliation, we've worked with First Nations, Métis and Inuit partners as a government so that we can articulate these principles as a

matter of policy, but much remains to be done. It's exhausting sometimes, actually, but exciting at the same time.

To put these principles into effect not only in programs and services we deliver to all Ontarians, but in the way First Nations, Métis, Inuit and non-aboriginal people live their lives and interact in this province remains the mission of the Ministry of Aboriginal Affairs. It's really an honour to be here and have this opportunity and airtime to share that with you. I really look forward to working with all of you beyond just today in this room.

Meegwetch, wela'lin, merci.

The Chair (Ms. Cheri DiNovo): Thank you. Perfect timing, Deputy Minister.

Now we move to the third party. Mr. Bisson.

Mr. Gilles Bisson: Thank you very much. I've got a number of questions, but I just want to make a comment at the beginning to touch on something that you said, which is that there are a lot of people out there who want to do the right thing, but they don't know what that right thing is when it comes to assisting our First Nations brothers and sisters in Ontario.

From my perspective, I just want to say the following: I grew up in a time—born in the 1950s, grew up in the 1960s—when the attitude towards aboriginal people and First Nations people was not very healthy. Unfortunately, most of us who grew up in communities across Ontario grew up with all of the baggage that comes with some of those attitudes in regard to what we knew—I should say what we didn't know—about First Nations people in our own backyard.

I find it interesting now, and somewhat shameful, that I grew up in a community that has a very strong presence of First Nations people, and I knew nothing about them. What I believed is what I was told on the street, and all of those things that we heard were what you repeated because you weren't very smart; you just did that because that's what society set out for you.

Unfortunately—and, fortunately, in a weird way for me—becoming the member for Timmins–James Bay when they changed my riding from Cochrane South, which was Iroquois Falls, Matheson and Timmins and which I can do on a bicycle, I ended up with a riding that didn't have roads, which I love immensely. It really gave me an opportunity to better understand the First Nations stuff.

You said a couple of things that are actually quite encouraging, and the fact that you're the deputy—understanding this, I think, has to be underlined. I'm good at giving criticism, but I'm also good at giving credit where credit is due. Everything is about the treaty. The one thing that I've learned in dealing with my First Nations friends—people like Stan Louttit, who was a giant in my mind; I don't know if you knew Randy Kapashesit, who is no longer with us and who was one of the brightest people I've ever met, who could walk in both worlds and understand it and explain it to us, as Stan and others could, and different people—is that when people signed a treaty, they saw that as an opportunity to

basically share what they had, which was the land and the bounty of the land, in exchange for them to be able to advance in areas that they needed to advance in when it comes to access to things like health care, education and housing.

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Through all of this—even though we never lived up to our commitments; let's face it, neither the federal nor the provincial government have lived up to the commitments that we signed on Treaty 9—they never gave up hope and they never gave up on the treaty, even though it was signed by their forefathers.

Here we are, 100 years-plus after the treaty was signed, and we still have our First Nations friends saying that we need to live up to the treaty because they understand what that was all about. I think there needs to be a broader understanding of what that's all about from our side. The fact that you said that tells me that's half of the battle, and I commend you for that.

The other thing that I just want to say in passing, as well—I made a little note here; I just want make sure that I get this right—is the comment that you made in regard to people wanting to help and that they want to be able to do the right thing. I really get a sense, in the time that I've been a member and had to deal with Timmins–James Bay as the new riding, that we've gone from here to here when it comes to goodwill on the part of non-aboriginal people all over Ontario: Timmins, Toronto, wherever it might be. I think that's really, really healthy, but we should also very much recognize that there's still a minority out there who, quite frankly, have a pretty bad attitude when it comes to First Nations people, and they manifest it in ways that are not too pleasant. I think you know what I allude to.

But what our challenge is, I think, is to figure out how we can all, (1) as citizens, because we're all citizens of this planet that we live on, and (2) as legislators and bureaucrats—and I mean that in a very positive way—deal with making sure that we find ways of moving the yardsticks forward when it comes to what we signed as Ontario, because Ontario signed Treaty 9. It's not as if we're not part of this. We signed the treaty.

I just want to tell this story. It's a little bit off-colour and I might get in trouble, because some of my friends on the coast might see this and may wonder about my humour sometimes. There's a good friend of mine, Gilbert Cheechoo—I don't know if you ever knew Gilbert.

Ms. Deborah Richardson: Yes, I do.

Mr. Gilles Bisson: Well, Gilbert was one of my instructors. He's one of the hardest-ass First Nations people I know, who always reminded me when I was steering wrong, going the wrong way, and if I didn't quite get something, he would argue with me. He would call me, if he saw me say something in the media or on TV or in the Legislature, and he'd set me straight. In all of my touring that I've done up on the James Bay, when he was living there—he was a development officer at the time—he was always there.

He said something to me, and it was very striking. I said, "Hey, Gilbert. What kind of games did you play when you were a kid?" He said, "Oh, we played cowboys and Indians." I said, "Really? Geez, that's not much different than we did. How did you organize it?" He said, "Well, we were the cowboys." You know where I'm going with this. She understands.

I said, "Cowboys? How can you be the cowboys? You're the Indians. Why would you fight for the cowboys? They're the guys who came in and raped your land and did all those bad things to you. Why would you try to emulate the people who persecuted you?" He said, "Oh no, Gilles. You need to understand. Back in the 1960s, there were spaghetti westerns out of Italy. The actors they had running as Indians, they were bad Indians who were not real natives; therefore, we didn't want to be bad Indians, so we decided that we'd be the cowboys."

But to me it meant something. It's a bit a humorous, but it meant something in the sense of the psyche, of what our society did to us together, both native and non-native, when it comes to our attitudes on a whole bunch of issues. I just used that because to me it meant something. To others it might not.

Now, let me get to some questions. The first thing that I want to do is to start off by saying that the government has done something right, because I think that it's far too easy to criticize, and at times you've just got to tip your hat. I said this this morning at public accounts, but for your benefit: Weeneebayko hospital, both in Attawapiskat and Moose Factory—in Moosonee, they had a fire. Moosonee had a fire at their clinic. The insurance paid for what they had to do when it came to reconstruction, but the HVAC system had to be changed, and it was about \$1.2 million or \$1.5 million. I can't remember the exact number. The problem they had—they were in a Catch-22—was that if they had finished the construction, they would be without certification because their HVAC system wouldn't meet the standard of today because it was a standard established when they built it 20 years ago.

The problem is, the ministry originally took the position, "Just do what you have to do, and we'll do that later." Well, who's going to rip the ceiling apart to do it a second time, later, which is going to be a lot?

Mrs. Laura Albanese: Sorry; was that in Moosonee or Moose Factory?

Mr. Gilles Bisson: Moosonee. Weeneebayko hospital in Moosonee—I said Moose Factory originally.

I went to the Minister of Health, the Honourable Dr. Hoskins, and brought the issue to his attention. We got the funding, because he understood that all of us have a responsibility to try to do what's right in order to develop the infrastructure we need in communities like Moosonee or Moose Factory or Attawapiskat or wherever it might be. At the time, the clinic was being operated in a curling rink. Imagine you're going into a curling rink with a heart attack, with your child who has the flu, or whatever. For a year, kids were going into a curling rink. Essentially, a MASH unit was set up inside the curling rink. That's

where people were being cared for. I give the government some credit, and I give the minister credit. They came across, and we got that fixed.

Then, last December, we had the spill at the Attawapiskat hospital—Weeneebayko, the Attawapiskat wing. Just so people know, Weeneebayko is the central hospital for the James Bay, and they have wings in different communities, and this particular one is the Attawapiskat wing. A spill happened in December. It was brought to the minister's attention, I think, sometime in mid-January. There was a verbal commitment to do what was right at the beginning. It took a couple of weeks, three weeks, to get everybody lined up with what had to be done within his ministry, but we got the money to do the cleanup underneath that hospital so that we could take the contamination out.

The hospital was closed and evacuated. People were moved out of the community. We were overtaxing other facilities in that community to provide hospital services. We undertook the cleanup. It was a really good process. What was really important was, they allowed the local community and Weeneebayko to drive it. So instead of the ministry coming in and saying, "Oh, you have to do this, that and the other thing. Let me tell you how to do this," they actually took the leadership from the community. This was the minister's decision, which I think was a very good decision because it allowed us to do what we had to do for the cleanup. I have to say, I'm hoping I'll get a statement this week or next week.

We're now moving back into the hospital. It's very important to the community. Everybody is excited. The band office has put some conditions in regard to repatriation of the hospital because there is still a spill, under the spill, that we have to clean up, but I won't get into that.

The point is, when there is the will, you can make the darndest things happen.

As I said this morning, we had a spill under a school 20-plus years ago. What happened at the Vezina school? Essentially, the parents had to pull their kids out of school as a protest in order to get the federal government to do something, and only after a whole bunch of effort on the part of the community—Charlie Angus and a whole bunch of other people—we finally built a new school 20 years later.

I'm a big fan of the provincial government when it comes to responding to issues within First Nations as compared to the feds—and I don't mean that Liberal-Conservative-NDP kind of thing. The federal government doesn't have the capacity to do most of what we do. We do health care. We do education. So I was just putting in my plug—which brings me to education, before I get to all of my questions, because I can't get away from this.

Education on-reserve leaves a lot to be desired, when it comes to the results that we need. One of the things that I think we need to start thinking about—and there has been a memorandum of understanding in regard to dealing with some of this stuff on the part of the province—is entering into discussions about how we can do what we did with the federal hospital, where we

transferred the federal hospital to the province, under the stewardship of a board made up of First Nations people from the James Bay. How are we able to do something similar when it comes to education on-reserve?

I recognize it's very complicated. The federal government has to be willing, the province has to be willing, but the First Nation has to drive it, because if it ain't them, it ain't going to happen. And there's a relationship with First Nations and the federal government that sometimes clouds this whole thing.

My question to you—without getting into a long answer: Do you think that an initiative working in that direction, understanding that it's going to take some time, is a direction we should be endeavouring to go into, so that eventually we can create aboriginal school boards for First Nations people so their kids can learn within the context of their own language, as I did as a young franco-phone, and to be able to pass on the rest of what we need in education in a system that's more in tune with their needs and their culture?

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Ms. Deborah Richardson: The Ministry of Education would be better to respond to that question.

Mr. Gilles Bisson: Yes, but the general philosophy.

Ms. Deborah Richardson: The general philosophy—I think we need all parties in the room. We need the federal government that funds schools on-reserve, the provincial government that has an expertise in education and First Nations that are their own governments. Everybody needs to get together to figure out what the path is forward, because the graduation rate of First Nations children is dismal. I absolutely agree with you, but again, it is more relevant to the Ministry of Education. My view is absolutely, because without it, we're never going to move ahead. Everybody has to be in the room to talk about this.

Mr. Gilles Bisson: Okay. A little side thing, because somebody called me the other day from Moosonee; they're trying to create a park at Bishop Belleau school with slides and things for kids. Is there a fund in your ministry or others in order to offset the costs of buying equipment in a kids' park?

Ms. Deborah Richardson: What we have done in the past is we've partnered with different foundations. So Let Them Be Kids foundation, we partnered with them to do a playground in Pikangikum. You could put them in touch with us and then we can help kind of manoeuvre—that's a big part of what we do. If we don't have the money, we pull together others.

Mr. Gilles Bisson: I'll get your card and I'll follow up on that after.

Ms. Deborah Richardson: Yes, sure.

Mr. Gilles Bisson: Before I get to that—I'm going to get to that after. NAPS funding.

Ms. Deborah Richardson: Yes.

Mr. Gilles Bisson: Oh my God. So we did the right thing. Some years ago, we transferred policing to the First Nations so that they can run their own police services, and I think that was the right thing to do. The

problem that we've got is that the funding has not kept pace with the needs of NAPS because they police all of the James Bay, all of Treaty 9 and Treaty 3, down to my area.

Is there any movement in regard to the negotiations between the province and the federal government in regard to trying to address those funding shortfalls? Are we any further ahead than we were three years ago?

Ms. Deborah Richardson: I don't have anything to add on that. I'm not up to speed on what's happening with the policing negotiations, so MCSCS would be better to answer that.

Mr. Gilles Bisson: I was just wondering if you had heard anything. All right.

The other thing I just want to raise is, obviously, you can't talk about First Nation communities without talking about housing. So I'm just going to give you a little picture. In most of the communities I represent, people hot-bed. It's the way you've got to live. You have a house with three bedrooms, one bedroom per family. You take out the closet—two or three bunks inside the closet. If you've got five kids, well, then you take turns who is going to sleep where or when. You hot-bed, as you do on a submarine, of all things.

The reason for that, I would say, is a really simple one. The federal government funding when it comes to housing has never kept pace with the need for housing on-reserve. In Attawapiskat, we're utilizing the old De Beers trailers as a way for people to have housing because there is no housing available. There are essentially families living within those trailers that you would get if you were on a construction site, like the ones that you stay in if you're on a fly-in or in a remote area.

The problem that we now have is that we're trying to close that down—the band is. But people are just going to squat it, because there is no other place to go. Where are you going to go? Outside? It's only 40 below or 50 below in the winter. So you don't have a lot of places to go.

My question is this—it's a statement and a question. Yes, housing is a federal responsibility. I get that. But they're Ontarians. They're Ontario citizens, as we are. Has there been any attempt to take a look at a not-for-profit model of some type, where we're able to, as a province, develop housing strategies that allow the province to be involved in some way in order to be able to assist with a housing strategy that might be not-for-profit housing type models?

Ms. Deborah Richardson: I'm not familiar. I know that municipal affairs and housing does have aboriginal housing off-reserve. I'm not familiar with anything on-reserve that I've heard of, because again, typically it's—whatever they're called; I still call them INAC, I can't help it—INAC that funds on-reserve, and we all know that it's not nearly enough compared to what the demand is on-reserve. So not that I'm aware of.

Mr. Gilles Bisson: I say publicly and privately I'm not a big fan of INAC. And it's not the people there; they're great people.

Ms. Deborah Richardson: No, I know. I work there. I know.

Mr. Gilles Bisson: It's just the policies behind INAC—boy, it's pretty depressing.

Back when we were government, 1990 to 1995, we actually did some housing. I think we might have been the only ones who ever did that.

Ms. Deborah Richardson: Really? Interesting.

Mr. Gilles Bisson: So we found a way to do it and what we did—

Ms. Deborah Richardson: The plumbing.

Mr. Gilles Bisson: That's right. You do remember, then?

Ms. Deborah Richardson: Yes, the plumbing. I've heard about that.

Mr. Gilles Bisson: So this is an interesting story. When they built the housing—the federal government built the housing on-reserve—they didn't bother putting toilets in. So you had houses without toilets. Everybody had to go outside in the backyard. It was like a Britain-in-the-1960s kind of thing, you know?

Ms. Deborah Richardson: Well, Pikangikum First Nation is still like that.

Mr. Gilles Bisson: Yes, there are still some. Exactly.

Anyway, what we had done is we were trying to force the federal government to do something they wouldn't do, so we created a program that allowed the addition onto the houses—being able to put an addition onto the house that was a bathroom. Then we made a deal with the federal government where we would pay for infrastructure to and from the house for the pipes and then the federal government paid for the infrastructure in the ground up to the house.

The only reason I raise this is that where there's a will, there's a way. As the Minister of Health figured out, there was a way of resolving the problem with the spill underneath the hospital in Attawapiskat and fixing the problem in Moosonee.

There's got to be some way that we, as a province, can get involved in housing. All I know is if we're waiting for the federal government, the model's not too good. We're going to be where we are now 10 years from now. So I just raise that.

I just want to say one other thing on housing, and this is—I know I'm going to get into trouble over this one with some people who have a different view than me. The whole thing around Theresa Spence and her manager: That was one of the grossest examples of—I have to say it—almost a desired attack in order to be able to advance a defence on the part of the federal government of the day against the First Nation. She was doing things that were pretty unorthodox when it came to protesting to get housing on-reserve. She did a hunger strike, she was down in Ottawa for a while; you probably visited her, as I did. They did an emergency resolution; Mushkegowuk did the same thing. They were making lots of noise, and the federal government didn't like that because it didn't reflect well on them.

I don't mean this in a combative way, but I think it's systemic to the problem that we have when it comes to dealing with First Nations. The fact that a federal government tried to make that look as if somehow or other she pocketed money and her band manager pocketed money is pretty insulting. You know as well as I do that nothing gets spent without an audit. Indian Affairs doesn't give you money and allow you to do what you want with it; at one point, you're accountable to an audit. Everything has to be accounted by way of Indian Affairs. Most communities find themselves in third party or under—what's the other one? Administration, I guess.

Ms. Deborah Richardson: Co-management.

Mr. Gilles Bisson: Co-management administration, and they were under co-management.

It always struck me that it was a dark moment in Canadian history when it came to the relationship of First Nations and our government, because rather than addressing the problem of a housing shortage, we turned it on the First Nation.

I still have people today who say to me, "Well, why should we give them anything? Look what they did with their money." Well, they didn't do anything with their money. They didn't have any money to start with. I just wanted to put all that on record because I think that it had to be said.

With regard to infrastructure, I found out something that I didn't know which was rather surprising. There are no infrastructure funds for band offices from the federal government.

Ms. Deborah Richardson: They did it a number of years ago, many years ago, and it was one-time funding. At the Ministry of Aboriginal Affairs, we have a very modest capital grants program that is \$3 million a year—

Mr. Gilles Bisson: Wow.

Ms. Deborah Richardson: I know—so we do support community-based initiatives.

Typically, in the past, it had to be kind of like a business centre, but we revamped the criteria because we noticed that there was a lot more demand in this area. So we do cost-shares—only up to a certain amount, I think \$500,000 or \$750,000 for remotes, but at least it has been able to move the yardstick a little bit.

The youth centre in Moose Cree: We funded that, for example. So yes, I know. You see a lot—most of the band offices are not acceptable working conditions.

Mr. Gilles Bisson: I've got two that are evacuated right now.

The other thing is, while we're talking evacuations, do you have an update on where we're at with regard to the evacuation of the citizens out of Kashechewan?

Ms. Deborah Richardson: I don't.

Mr. Gilles Bisson: You know that we have a number of families that are in Kapuskasing who have been there for almost two years now? Thank God for Kapuskasing; they've been wonderful hosts. Mayor Spacek and his administration have done a great job of welcoming people into the community and the community has responded well. But from what I understand—and I was talking to

the chief the other day, Leo Friday—there has been no move in order to replace those houses. There's some talk about doing some duplexes up there starting this summer. Have you heard anything?

Ms. Deborah Richardson: In Kash?

Mr. Gilles Bisson: In Kash, yes.

Ms. Deborah Richardson: That would be federal government funding—

Mr. Gilles Bisson: No, I understand that. Have you heard anything?

Ms. Deborah Richardson: I haven't heard anything about that at all, and I did see Chief Friday yesterday. But like I said, we're provincial, so I don't really—I haven't heard anything.

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Mr. Gilles Bisson: He's a guy with a good sense of humour.

Ms. Deborah Richardson: A very good sense of humour—

Mr. Gilles Bisson: Also, a very wise man. I've worked with him over the years.

Ms. Deborah Richardson: Yes.

Mr. Gilles Bisson: Okay. How much time do I have, Chair?

The Chair (Ms. Cheri DiNovo): About eight minutes.

Mr. Gilles Bisson: I still have eight minutes? Do you know what? I can't believe I went through all of that so efficiently.

Ms. Deborah Richardson: This is a fun conversation, isn't it?

Mr. Gilles Bisson: Yes, it was good.

I don't have to use the eight minutes if I don't want to, and I'm probably going to end this a bit short.

Mr. Norm Miller: You can save it.

Mr. Gilles Bisson: Yes, maybe.

I just want to end on this point and to say: As with everything, it takes will to fix this stuff.

Ms. Deborah Richardson: It does.

Mr. Gilles Bisson: And I think the mistake that we make at the provincial level—and I'm not pointing fingers at you guys; I'm pointing the finger at the collective us—is that we look at a lot of this as being a federal responsibility, and leave it to the feds to respond to what is essentially a crisis in education, a crisis in housing, a crisis in infrastructure and a crisis in water on pretty well all of our reserves.

The fact that we have citizens in this province and in this country who are living in that condition is a blight on all of us. It's not just the federal government, because there have been governments of different stripes. I think at one point we, as a province, have to accept that we have to be part of the solution. I recognize that it's going to cost some money and it's going to be difficult, but I urge that we start going in the direction of saying, "Let's start putting the stuff in place that we need now." That way, 10 years from now, 20 years from now, the new deputy minister and the new members of all of the ridings that we represent have had some progress on

these files, because the fact that we still have people living in these conditions 160 years after Confederation is pretty abysmal.

Ms. Deborah Richardson: Thank you.

The Chair (Ms. Cheri DiNovo): We now move to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you for coming in today. It's the first time I've been to estimates when the minister is not here, but maybe it's better to have the deputy and others answering the questions.

I guess I'll start out, seeing as this is estimates and we're supposed to talk about dollars and cents in part, by asking a high-level question about your budget and your budget going forward. Is it a projected increase? Or is it frozen in the next number of years as the government tries to reach a balanced budget?

Ms. Deborah Richardson: To my knowledge, it's just the status quo. I don't project an increase, and I hope that there's no decrease.

Mr. Norm Miller: Sorry. You hope there is no—

Ms. Deborah Richardson: That there's no decrease.

Mr. Norm Miller: No decrease—right. Okay.

Ms. Deborah Richardson: I think it's just the same.

Mr. Norm Miller: That's kind of what I guessed might be the situation, but I wasn't sure.

I just happened to meet with the Ontario Library Association, and one of the people who I met with is a representative of Six Nations Public Library. I'll bring up a small issue—probably not small for them—to do with libraries that the gentleman, Mr. Donald Lynch, who is chair of the board, pointed out to me. First of all, at Six Nations Public Library, they are not going to be in compliance with the accessibility act as of next year, which means that their library will lose accreditation. That means it wouldn't meet the same standard as libraries everywhere else, whether they're on-reserve or not on-reserve. He did point out that often there seem to be lower standards for on-reserve services than if you're off-reserve, and he was making that point with their library. He also pointed out—I don't know that this is the correct number—that there are 133 reserves and only 46 have libraries.

I guess I would ask if there is any provincial program that would assist aboriginal communities in terms of meeting the needs of their libraries, where obviously that's important for literacy and for education, and if there are any specific programs that would assist.

Their dream is to have a new library that would be an archive as well, because they've got lots of important things they would like to keep in their archive. Whether they would qualify for—if there is a capital program, which I know comes along from time to time. I don't know whether they're always available to First Nations either, or aboriginal communities.

Ms. Deborah Richardson: We do have that capital grants program to encourage them—

Mr. Norm Miller: The small one that—

Ms. Deborah Richardson: It's the small one, but they could qualify for some sort of upgrade. I mean, there is a

long wait-list; you can imagine \$3 million doesn't go far. But they could definitely apply for that. So have them hook in through the ministry, even if it's just through me, and then I can manoeuvre. That's the first piece.

Then in terms of libraries, I don't even know which ministry they're housed at but I can endeavour to find out a little bit more. I'm not clear about the accessibility requirements on-reserve, so their funding must be subject to that. I can endeavour to find out a little bit more.

Mr. Norm Miller: The only provincial funding I was aware of for off-reserve libraries—I happened to be in Parry Sound last week and the Parry Sound library received \$150,000 from the Trillium Foundation, which I would assume would be available on-reserve as well. So Parry Sound got \$150,000 to do some accessibility improvements to the library and things like new flooring in the library etc.

Ms. Deborah Richardson: I'm not sure if that's under a municipal government or if the municipality funds libraries. I'm not sure how libraries are funded; it's just an unknown area for me, but we can find out.

Mr. Norm Miller: Typically a municipality does provide—they are usually a major player when it's in a municipality, but obviously this is on-reserve.

Ms. Deborah Richardson: Yes. Connect them with me and I can try to support them and help them manoeuvre through the system.

Mr. Norm Miller: Okay, thank you.

We just had public accounts on aboriginal education earlier in the day. The Premier's mandate letters last year highlighted education as an important area for improvement. We know that the graduation rates for aboriginal youth trail the general public big time. I'm just wondering what role the Ministry of Aboriginal Affairs plays in terms of trying to improve that situation. Was it part of the minister's mandate letter as well?

Ms. Deborah Richardson: Was education a part of the mandate letter? I think that it was.

Ms. Alison Pilla: We have an ongoing commitment to work with the Ministry of Education on helping improve education both on- and off-reserve. They have the lead but we provide a significant amount of support to them in that—

The Chair (Ms. Cheri DiNovo): Excuse me for a second. When you start to speak, could you identify yourself? Thank you.

Ms. Alison Pilla: Sure, sorry. I'm Alison Pilla. I'm the assistant deputy at aboriginal affairs.

There are a number of programs that we've supported the Ministry of Education in. For instance, they provide some funding for languages allocation and they have some native studies funding as well. They have a per-pupil amount allocation. It's part of their education supplement. They have about \$51 that they're specifically applying to First Nations, Métis and Inuit education issues.

We work with them and the Ministry of Training, Colleges and Universities on post-secondary education as

well. First Nations have some technical institutes that are supported by government.

I think the other important thing that education has been doing is they've been asking their aboriginal students to voluntarily identify themselves as aboriginal. Once you know how that cohort is doing specifically, you can target and tailor specific education strategies to those particular students because sometimes they need more wraparound services and supports. So the Ministry of Education has been working—they have an aboriginal education council—with that council and others to make those improvements.

Mr. Norm Miller: And do they provide updates? Does the Ministry of Education then provide updates to the Ministry of Aboriginal Affairs on progress being made?

Ms. Alison Pilla: We certainly are in close connection with them on a week-to-week basis about what they're doing. But they also have a series of reports. They have a First Nations, Métis and Inuit education strategy and they've had a couple of reports that are public on progress that's being made. So that's publicly available.

Mr. Norm Miller: So then, sticking with this training theme, I was going to ask some questions a bit about the Ring of Fire and the development there, which obviously involves a number of aboriginal communities. Certainly, I see it as being the greatest prospect for hope for that area, providing jobs and incomes etc. But it seems to be also taking a long time to get any real progress. When it eventually happens, obviously, there would be the potential for a lot of jobs in mining activities. Mining, as an activity, is the largest employer of aboriginal people.

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I know I toured the Detour Gold mine, up north of Cochrane, last month, and 14% of their workforce is aboriginal.

Getting the education component—a high school education, but then also specific technical training—is so important, so that aboriginal people will have access to the potential jobs in the Ring of Fire when it happens, but also generally in mining and forestry-type activities. Can you provide any information on what the Ministry of Aboriginal Affairs does or how they assist in improving training for aboriginal people?

Ms. Deborah Richardson: We work closely with the Ministry of Training, Colleges and Universities to create partnerships and opportunities. For example, you're speaking about the Ring of Fire: The Matawa tribal council has a bit of a training institute that they've set up, and they're working on different kinds of training. They've partnered with industry and the tribal council coordinates for members of the community—because they're mostly fly-in communities, and they do fly in to attend the training.

Ontario also has invested over \$3.2 million on an Aboriginal Skills Advancement Pilot Program that has supported over 100 aboriginal learners' skills advancement, ranging from literacy and basic skills to apprenticeship training—

Mr. Norm Miller: Where is that? Is it in a physical site somewhere?

Ms. Deborah Richardson: Yes, I think it's through the Matawa, through that area—

Mr. Norm Miller: Is that in Thunder Bay?

Ms. Deborah Richardson: Yes. Matawa is located in Thunder Bay.

The government also provides funding for aboriginal post-secondary education and training, totalling \$97 million over the next three years.

There was also a one-time investment to Ontario's nine aboriginal post-secondary education and training institutes. That was in the 2015 budget. I think that was \$5 million.

Mr. Norm Miller: So there are nine specific—

Ms. Deborah Richardson: —that are aboriginal-specific.

Mr. Norm Miller: Where are they located?

Ms. Deborah Richardson: They're right across the province. There's one in Thunder Bay. There's the First Nations Technical Institute, which is near Mohawk-Bay of Quinte. There's Six Nations Polytechnic through Six Nations. You're testing me to cite off the nine. They're located right across the whole province. Many of them have really good partnerships or affiliations with a number of post-secondary institutions that are in their proximity. They run some really interesting programs, and they've got a lot of capacity.

Mr. Norm Miller: Sticking with the Ring of Fire: At the start of the government's term, they announced a development corporation. They did a press release that said they would work to bring First Nations and the public and private sectors together. Has this development corporation succeeded in involving First Nations groups?

Ms. Deborah Richardson: I can't speak to that; the Minister of Northern Development and Mines would need to. I'm not too familiar with the development corporation, so I couldn't speak to that specific issue.

Mr. Norm Miller: So you don't know whether there's any First Nations representation on the board of the development corporation?

Ms. Deborah Richardson: No, I'm not sure what the status of that is. The Ministry of Northern Development and Mines would need to answer that.

Mr. Norm Miller: Is that something you could provide information on?

Ms. Deborah Richardson: I can endeavour to talk to MNDM.

Mr. Norm Miller: That would be good.

In your opening comments, you talked about some of the things you're working on, and one of them was resource revenue-sharing. Can you provide some information about it, please?

Ms. Deborah Richardson: When we say resource benefits-sharing, it also involves skills training, capacity-funding partnerships, economic development opportunities and revenue-sharing. Specifically with Matawa tribal council, we have signed a regional framework

agreement that also includes revenue-sharing as a part of that, with a number of other commitments.

Also, under the political accord and on a bilateral basis—when I say bilateral, we work with a number of the PTOs on a bilateral—

Mr. Norm Miller: Sorry, PTOs?

Ms. Deborah Richardson: Provincial-territorial organizations, for example, Treaty 3, Nishnawbe Aski Nation, Anishinabek Nation. We have bilateral agreements and we are in discussions with a number of those organizations around resource revenue-sharing. Also, even under the Green Energy Act, for example, there's a \$650-million Aboriginal Loan Guarantee Program and an Aboriginal Energy Partnerships Program, and aboriginal price incentives as a part of the feed-in tariff program that promote First Nations and Métis involvement in renewable energy initiatives. As well, we provide up to \$30 million over 10 years to the Métis Voyageur Development Fund to support resource-based Métis businesses and entrepreneurs.

Again, in terms of supporting aboriginal groups on economic development, we do have the \$25 million over three years on a new Aboriginal Economic Development Fund. But we are very interested, as per the political accord—

Mr. Norm Miller: For the administration of those, the Métis voyageur fund and this \$25-million fund, can you help me understand how it works?

Ms. Deborah Richardson: Sure.

Ms. Alison Pilla: The Métis Voyageur Development Fund was a fund that was intended to provide more access for resource development businesses for Métis. We negotiated an agreement with the Métis Nation of Ontario. They set up a separate structure. It's a not-for-profit—

Mr. Norm Miller: How long ago was that?

Ms. Alison Pilla: It was a couple of years ago. I think it was 2011, but I could be mistaken. It was around 2011-12.

We set up a separate corporate structure. It has a board of directors. They essentially function like an aboriginal financial institution; I'm not sure if you're familiar with those. They provide a few business grants, but they mostly provide loans to Métis businesses that meet the qualifications and are vetted and screened by this independent, arm's-length, not-for-profit corporation from government.

Mr. Norm Miller: So it's operating essentially as a bank for Métis businesses.

Ms. Alison Pilla: Similar to that, yes.

Mr. Norm Miller: And it's probably too early to know how successful they are in terms of success rate of loans, because it's only been two years, I would assume.

Ms. Alison Pilla: Probably we have to wait a couple of years to look at the loan loss rate, but they've been pretty successful at leveraging other money against the money that the Ontario government provides them. We provide them with up to \$30 million over 10 years, which works out to up to \$3 million each year, of course de-

pending on the reports that we get back in terms of how the business is functioning. There are probably a few areas where we need to get some information back, but they've been able to leverage a fair amount of non-government money in addition to the funding that the government provides. I probably do have a figure for that somewhere that I could get you.

The Aboriginal Economic Development Fund has a number of different streams, but one of the streams of funding in that economic development fund is to aboriginal financial institutions in Ontario. So it's sort of structured a similar way. We've provided a certain amount of money to those aboriginal financial institutions, again, to loan out to First Nations, Métis and Inuit businesses beyond the resource sector more broadly to support economic and business development there.

Mr. Norm Miller: How long has it been around?

Ms. Alison Pilla: That one is very new. We just started receiving applications and structuring that part of the fund this year. So it's too early to really report back on that.

Mr. Norm Miller: How much money is it each year?

Ms. Alison Pilla: The Aboriginal Economic Development Fund is \$25 million over three years, so it was \$5 million the first year, and then \$10 million and \$10 million. I think that the amount of money that's going to the aboriginal financial institutions—I'm not sure if I have my note here—is about \$2.5 million. Somebody will correct me if I'm wrong on that. But there are a few streams in that fund.

Mr. Norm Miller: Okay. Thank you for that.

I'll move on to land claims. Particularly, you mentioned the Algonquin land claim, that you reached an agreement in principle in June. I guess I would ask when you think the whole thing is going to be completely done. You also mentioned consultation with the general public. What's going on with that going forward?

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Ms. Deborah Richardson: I will turn this over to Assistant Deputy Minister Didluck, who's in charge of the land claims area.

Mr. David Didluck: Great. Thank you. And since the deputy has introduced me, you now know who I am.

With regard to Algonquin, the consultations around the preliminary draft agreement in principle have really been ongoing since about 2012, when the document was released. By our calculations, we've met with approximately 2,000 or 2,500 individual people over nine sets of consultation meetings to get feedback on that draft agreement in principle. The parties have initialled the agreement, but the key, of course, is that the First Nation communities themselves—the Algonquins, which includes the community of Pikwākanagān, which is the reserve-based community, and the other 10 communities that make up that claim area—have to ratify the agreement. They have to say, "Yes, we agree with the terms that the negotiators"—Canada, Ontario and the Algonquin—"have come to an agreement on," that they've ratified that.

The projection is that they're going to likely go to a community ratification vote early in the calendar year. It's the Algonquins' decision to do that in terms of the specific timing, MPP Miller, but it's looking like it's probably February or March. That's the intent.

If the Algonquins ratify the agreement, if there's—

Mr. Norm Miller: Is that just a majority vote?

Mr. David Didluck: There are specific provisions in the agreement that govern how the ratification process works, but absolutely, a majority vote is important. It also depends if there are differences, for instance, between the off- and on-reserve voters.

Mr. Norm Miller: And I assume they need a certain percentage of people to vote as well.

Mr. David Didluck: Correct, absolutely. Hoping, of course, that there's a successful ratification, that would mean that the parties, then, would move to finalize and sign that agreement in principle. In order to do that, our minister would be going back to cabinet to affirm the signature of that agreement and be seeking instructions in terms of the next phase of negotiations, which I think was your other question: How long will this take?

Based on the experience in other parts of Canada, these large, multi-party, comprehensive claim agreements, as you know, have 25-year, 35-year time averages for complete negotiation. But as you know, we've already invested those 20 years to get to this part. Optimistically, we're hopeful that within another four- to six-year time frame we could have the land selection package, all of the environmentals and the consultations that are associated with that comprehensively wrapped up in that time period.

But as you know, Ontario's not the only party to those negotiations. We have a federal government and we have 10 Algonquin communities that make up the Algonquin nation, and everyone has to agree.

So that's our optimistic time frame. We're very hopeful that the Algonquin will say yes to the agreement and its contents in the February-March period of the new calendar year.

Mr. Norm Miller: So likely, if they say yes, you're saying maybe six years from now it might—

Mr. David Didluck: That would be our hope, yes.

Mr. Norm Miller: I know I've had some of these people affected, some of the communities in the area, concerned at times about not enough consultation or not open enough consultation. So there still would be further consultation after you get a signed agreement?

Mr. David Didluck: Absolutely. The process of engaging the public doesn't stop simply because we have an agreement in principle. You may remember, when the agreement in principle was being negotiated, Ontario set up two sets of advisory processes, one specifically with municipalities throughout the claim area and another committee of external advisers that had everyone represented from hunting interests to cottagers to private landowners to recreationalists. Those processes were the formal mechanisms of consultation. That's being rolled forward into the next phase.

Now, they may be tweaked and adjusted because what we have today that we didn't have 15 years ago is a land package. We have 220-odd parcels of land identified now for the settlement agreement, so we can be much more specific and precise in terms of who's impacted by the negotiations. In the early phases of negotiations, you don't have that luxury, you don't have that detail. But today we do have that detail.

Going forward, I would envision a much more focused effort around the land selections that have been identified for the agreement and by those materially impacted groups—hunters, cottagers, private landowners etc. Municipalities, too.

Mr. Norm Miller: Thank you for that. Staying on the same topic, Caledonia: What's the current status? Is there a land claim going on, first of all? Secondly, what's the status of Douglas Creek Estates and other parcels of land that may or may not be held for any negotiations?

Mr. David Didluck: Sure. You know the history quite well. Douglas Creek Estates was the parcel of land that was occupied back in February 2006 as a result of the outstanding land claims that the Six Nations community had brought forward to Canada. There was an effort post that occupation—

Mr. Norm Miller: So to be clear, that's a federal land claim?

Mr. David Didluck: Yes. There are claims against the government of Canada; correct.

However, regardless, Ontario is a participant because we manage land and resources. As you know, it's our constitutional obligation. It was after that occupation in 2006 that the governments of Ontario and Canada came together with Six Nations to actually formally commence discussions on those land claims.

Unfortunately, as you probably also remember from that history, it was three years later, in about 2009, that Canada withdrew from that process. There was not progress made. It's really been since 2009 that the formal negotiations with regard to the outstanding claims have not proceeded.

Now we're hopeful. There is obviously a change of administration federally, and we know that our colleagues in the Six Nations communities have been actively lobbying our federal colleagues to come back to the table. It's a message our minister and our ministry have also been consistently delivering since 2009. I would like to give you the glass-half-full answer that we're hopeful that, at some point, negotiations will recommence.

The focus of the province in the interim period has been around looking at partnerships and economic development opportunities with Six Nations, ensuring that those land holdings of Burtch and Douglas Creek Estates are managed either safely, without occupation, or, in the case of Burtch, as the deputy noted in her introductory comments, looking at actually making an interim offer to transfer those lands back to the community. But those are details that continue to be worked out.

We're kind of optimistic and hopeful that at some future point, all parties can get back to the table and deal with the underlying matters, which are those unresolved claims against Canada.

Mr. Norm Miller: And with land claims, I gather there are different statuses of whether it's a recognized land claim or whether it's not a recognized claim. I'm sure there are probably other technical terms that I'm not familiar with.

Did the federal government not recognize that there's a land claim here? Is that why they removed themselves from negotiating?

Mr. David Didluck: I don't want to attempt to speak for our federal colleagues here. I think that would probably be unfair of us all wearing a provincial hat in this room.

Having said that, I would just say that the federal government has a fairly specific policy in terms of how it governs its approach to land claim activity nationally, and they apply that lens whether you're in British Columbia, Alberta or here in Ontario. I think our Six Nations counterparts would say that that is a fairly rigid process and, of course, that's not the process that we use here provincially.

I guess without getting into all the details of what's the nature of the claim, the claim goes back to what the history says and whether there are legal obligations owed to the community. Certainly, as you know, in the eyes of the Six Nations community, there are extensive legal obligations owned by the government of Canada. That's just a reality I hope our federal colleagues will see.

Interruption.

Mr. Chris Ballard: Madam Chair?

The Chair (Ms. Cheri DiNovo): Yes?

Mr. Chris Ballard: Given the time—and we've got 10 minutes to the vote and then the vote will take some time after that—I'm wondering if we shouldn't adjourn.

The Chair (Ms. Cheri DiNovo): Mr. Ballard has moved a motion to adjourn. Is that okay with the committee?

Mr. Norm Miller: Sorry, you're—

The Chair (Ms. Cheri DiNovo): What's he saying is there's a 10-minute bell. It's now—

Mr. Han Dong: How much time does Mr. Miller have left?

The Chair (Ms. Cheri DiNovo): He has about three minutes. We have 10 minutes for the bell, a few minutes—we'll be back here at about quarter to. There will be about 15 minutes left.

Is it the will of the committee that we take that 15 minutes or that we call it a day? It's up to you.

Mr. Arthur Potts: Call it a day, Norm.

Mr. Norm Miller: Well, you can give me my three minutes now. Then I'll call it a day—

Interruptions.

The Chair (Ms. Cheri DiNovo): I'm afraid we have to adjourn when the bells start ringing.

Interruptions.

The Chair (Ms. Cheri DiNovo): If you want to take two minutes now, Mr. Miller, take them.

Mr. Norm Miller: Okay.

The Chair (Ms. Cheri DiNovo): We can still make it up in eight minutes. The Clerk's just telling me—go for it.

Mr. Norm Miller: Okay. Thank you. You also mentioned Friendship Centres, that you had a personal job at one point in Toronto. In my town of Parry Sound, we have a Friendship Centre as well. I happened to go to the annual meeting once, and my main recollection was that the finances weren't that stable at that particular Friendship Centre. Are there provincial programs at all that support Friendship Centres around the province?

Ms. Deborah Richardson: Lots of them. Friendship Centres get core funding nationally from the National Association of Friendship Centres. Many of them get funding from places like the United Way, for example, or other foundations, but then many of them are sort of programmatic areas. If they provide supportive housing for seniors, they get funding from the Ministry of Health and Long-Term Care. Sometimes they're able to access homelessness initiatives. A number of ministries would provide that funding and some of it is on an ongoing basis. I know the supportive housing programs are ongoing—almost core funding.

Mr. Norm Miller: Okay. Thank you for that.

Ms. Deborah Richardson: They're quite resourceful. You're right; they're resourceful with what they have.

Mr. Norm Miller: And for my last question, since I think we're just about out of time: Has the ministry

begun its education and awareness campaign on treaties and treaty rights, as mandated by the Premier?

Ms. Deborah Richardson: Do we—

Mr. Norm Miller: Your education program on treaties and treaty rights.

Ms. Deborah Richardson: Oh, yes. Yes, we do. We've gotten approval for that, and so we're working on implementing that. We need to implement that with our aboriginal partners because we just can't unilaterally come up with what the treaty strategy is and what the educational information is. We're working with partners.

I gave the example of the Lego kit. Treaty 3 has some really interesting pieces. So there's a number of First Nations groups that do have some great pieces, and they want to develop more. We want to be able to share that out. We also do Aboriginal 101. I think I saw you when I did it, right? We go and travel across government and go to senior management meetings—anybody who will listen—to educate people about treaties and aboriginal people in this province.

Interjection.

Ms. Deborah Richardson: Oh, yes. We have the treaty map, too.

Mr. Norm Miller: Yes. I have one up in my office.

Ms. Deborah Richardson: Yay!

Mr. Norm Miller: Anyway, thank you, and I think that's probably all the time I have. I appreciate you coming this afternoon.

The Chair (Ms. Cheri DiNovo): Thank you, Mr. Miller. We are adjourned.

The committee adjourned at 1732.

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Vice-Chair / Vice-Présidente

Miss Monique Taylor (Hamilton Mountain ND)

Mr. Bas Balkissoon (Scarborough–Rouge River L)

Mr. Chris Ballard (Newmarket–Aurora L)

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Mr. Gilles Bisson (Timmins–James Bay / Timmins–Baie James ND)

Mr. Arthur Potts (Beaches–East York L)

Ms. Soo Wong (Scarborough–Agincourt L)

Also taking part / Autres participants et participantes

Mr. Norm Miller (Parry Sound–Muskoka PC)

Clerk / Greffier

Mr. Christopher Tyrell

Staff / Personnel

Mr. Michael Huynh, research officer,
Research Services



Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41^e législature

Official Report of Debates (Hansard)

Wednesday 6 April 2016

Journal des débats (Hansard)

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Standing Committee on Estimates

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 6 April 2016

Mercredi 6 avril 2016

The committee met at 1554 in committee room 1.

APPOINTMENT OF SUBCOMMITTEE

The Chair (Ms. Cheri DiNovo): Good afternoon, committee members. We have a little bit of housekeeping business to deal with right off the bat.

Mr. Fraser?

Mr. John Fraser: I move that Mr. Crack replace Mr. Balkissoon on the subcommittee on committee business.

The Chair (Ms. Cheri DiNovo): Any discussion? Does anybody have a problem with that? No? Shall it carry? Carried.

COMMITTEE BUSINESS

The Chair (Ms. Cheri DiNovo): As you know, the Lieutenant Governor has transmitted the estimates of certain sums required for the services of the province for the year ending March 31, 2017, to the Legislative Assembly. Pursuant to standing order 59, these printed estimates, upon tabling, are deemed to be referred to the Standing Committee on Estimates. All members of the House should have received a copy of the 2016-17 printed estimates when they were tabled on Wednesday, March 23, 2016.

The objectives of today's meeting are twofold: (1) to select the estimates of certain ministries or offices for review by the committee, and (2) to determine the date on which the committee will begin the consideration of the selected estimates.

Standing order 60 sets out the process by which the committee marks its selections. Essentially, each of the recognized parties on the committee shall select the estimates of either one or two ministries or offices in each of the two rounds of selection. The official opposition selects first, followed by the third party, then by the government. After two rounds of selection, the committee will have selected anywhere from a minimum of six to a maximum of 12 ministries or offices for review.

In making its selection, each party also determines how much time is to be allocated to the consideration of each ministry or office selected. A maximum of 15 hours is permitted per selection. For example, if only one selection is made in a round, that single selection could be reviewed for a maximum of 15 hours. If two selections are made in a round, both of them could be

reviewed for a combined maximum of 15 hours. How the division of those 15 hours takes place is up to the party making the selection.

At the conclusion of the two rounds of review, the committee could spend up to a maximum of 90 hours in scrutinizing the estimates of all the selected ministries or offices. Pursuant to standing order 60(c), these selections are to be reviewed in the order that they were chosen, and this can only be changed by an order of the House.

The estimates of those ministries or offices not selected for consideration will be deemed to have been passed by the committee. As Chair, I will report those estimates back to the House, and they will be deemed to be adopted and concurred in by the House.

Any supplementary estimates of selected ministries and offices shall be considered by the committee within the time allocated during the selection process.

In accordance with standing order 63(a), the committee must present a report to the House with respect to the estimates it has selected and considered by the third Thursday of November this year—that's November 17, 2016. If the committee fails to report by the third Thursday in November, the estimates and supplementary estimates before the committee will be deemed to be passed by the committee and deemed to be reported to and received by the House.

I would also like to add a note: If members could please look at the list of ministries provided by the Clerk and give the correct names of the ministries when they select them. So, read from your list.

Do the members have any questions before we begin? No? Okay. I'm going to start with the official opposition: Mr. Harris.

Mr. Michael Harris: Ministry of Finance, 7.5 hours; and Ministry of Transportation, 7.5 hours.

The Chair (Ms. Cheri DiNovo): Okay. Third party: Miss Taylor.

Miss Monique Taylor: Ministry of Health, 15 hours.

The Chair (Ms. Cheri DiNovo): To the government side now: Ms. Kiwala.

Ms. Sophie Kiwala: Ministry of Aboriginal Affairs, 15 hours; and Office of Francophone Affairs, 15 hours.

The Chair (Ms. Cheri DiNovo): Official opposition: Mr. Smith.

Mr. Todd Smith: Ministry of Energy, 7.5 hours; and Ministry of Agriculture, Food and Rural Affairs, 7.5 hours.

The Chair (Ms. Cheri DiNovo): Miss Taylor?

Miss Monique Taylor: Ministry of Education, 7.5 hours; Ministry of Children and Youth Services, 7.5 hours.

The Chair (Ms. Cheri DiNovo): Okay, a slight hitch: The government side should have gone around twice. Strictly speaking, it's out of order, but I guess the question is, would that change your picks?

Mr. Michael Harris: Sorry?

The Chair (Ms. Cheri DiNovo): Would that change your picks? They picked aboriginal affairs and francophone affairs. Would it have changed your picks?

Interjections.

The Chair (Ms. Cheri DiNovo): No, so we're good to go. We're moving on, then, to the start date.

Mr. Michael Harris: So which one is it? Is it aboriginal first, then francophone?

The Chair (Ms. Cheri DiNovo): Yes, aboriginal affairs, and then francophone.

Mr. Michael Harris: Okay, that's fine. That's all I'm asking.

The Chair (Ms. Cheri DiNovo): Start date: When are we going to start? We sit Tuesday and Wednesday, just to

remind the committee—Tuesday morning and afternoon, Wednesday afternoon.

Mr. Michael Harris: We need to start next week.

The Chair (Ms. Cheri DiNovo): Next week? Official opposition?

Mr. Michael Harris: We got a week for notice. That should be enough.

The Chair (Ms. Cheri DiNovo): Miss Taylor, is next week okay for you?

Miss Monique Taylor: That works fine for me.

The Chair (Ms. Cheri DiNovo): Government side: Does next week work for you?

Ms. Sophie Kiwala: It's fine.

The Chair (Ms. Cheri DiNovo): Okay, so we're first up with the Ministry of Finance next Tuesday.

Miss Monique Taylor: Tuesday at what time?

The Chair (Ms. Cheri DiNovo): When do we start in the morning? It's at 9 a.m. in the morning.

Thank you all for showing up. Some are happy; some are not so happy. With that, we are adjourned. Thank you.

The committee adjourned at 1601.

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Mr. Trevor Day

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STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 12 April 2016

Mardi 12 avril 2016

The committee met at 0904 in committee room 1.

The Clerk of the Committee (Mr. Eric Rennie): Good morning, honourable members. It is my duty to call upon you to elect an Acting Chair this morning. Just as a reminder, pursuant to standing order 117(b), the Chair of the Standing Committee on Estimates shall be a member of a recognized party in opposition to the government.

Are there any nominations for Acting Chair? Ms. Fife.

Ms. Catherine Fife: I'd like to nominate Cindy Forster as the Acting Chair for estimates committee.

The Clerk of the Committee (Mr. Eric Rennie): Does the member accept the nomination?

Ms. Cindy Forster: I do.

The Clerk of the Committee (Mr. Eric Rennie): Are there any further nominations? Seeing none, I declare the nominations closed and Ms. Forster elected Acting Chair of the committee.

MINISTRY OF FINANCE

The Acting Chair (Ms. Cindy Forster): Good morning, everyone. The committee is about to begin consideration of the estimates of the Ministry of Finance for a total of seven hours and 30 minutes.

As this is the first ministry before the committee, I would like to take this opportunity to remind everyone that the purpose of the estimates committee is for members of the Legislature to determine if the government is spending money appropriately, wisely and effectively in the delivery of the service intended.

I would also like to remind everyone that the estimates process has always worked well with a give-and-take approach: On one hand, members of the committee take care to keep their questions relevant to the estimates of the ministry, and the ministry, for its part, demonstrates an openness in providing information requested by the committee.

As Chair, I tend to allow members to ask a wide range of questions pertaining to the estimates before the committee to ensure they are confident the ministry will spend those dollars appropriately.

In the past, members have asked questions about the delivery of similar programs in previous fiscal years, about the policy framework that supports a ministry approach to a problem or service delivery, or about the competence of a ministry to spend the money wisely and efficiently. However, it must be noted that the onus is on

the members asking the questions to make the questioning relevant to the estimates under consideration.

The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer.

Are there any questions for members before we start?

Mr. Todd Smith: Madam Chair, would it be possible—and we've done this in the past—that when it's available, we use the Amethyst Room, room 151, for the committee? Would that be something we could do this time through the Clerk?

The Acting Chair (Ms. Cindy Forster): We will look into it. When Ms. DiNovo, the Chair of this committee, is back, we'll have her have some discussions with the Chair of social policy and see if we can work that out.

Mr. Todd Smith: Sure. We've done that in the past. There's broadcast-quality equipment in that room, and I think it's important for estimates committee that it's broadcast outside of just this room. So thank you for that.

The Acting Chair (Ms. Cindy Forster): Any other questions?

I'm now required to call vote 1201, which sets the review process in motion. We will begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and 30 minutes by the third party. Then the minister will have a further 30 minutes for a reply. The remaining time will be apportioned equally among the three parties.

Minister, the floor is yours.

Hon. Charles Sousa: Thank you, Madam Chair. Good morning, everyone. I'm pleased to be here today before the Standing Committee on Estimates. I thank the members of the committee and the Chair for their participation.

Parliamentary oversight and approval of a government's proposed spending are key elements of fiscal accountability in our parliamentary system. This government is committed to openness and accountability, so we welcome this opportunity to further describe our spending plans.

I would, therefore, like to begin by thanking my colleagues and staff at the Ministry of Finance who have worked hard preparing for today's session.

The Ministry of Finance's mandate is to promote a dynamic, innovative and growing economy and to manage the fiscal, financial and related regulatory affairs of the province of Ontario. In addition, it delivers revenue and benefits programs in support of a better future for Ontarians.

Through its mandate, this ministry actively promotes the government's four overarching priorities:

- (1) investing in people's talent and skills;
- (2) to strengthen retirement security;
- (3) building modern infrastructure and transportation networks; and
- (4) supporting a dynamic and innovative business climate.

We work with the Treasury Board Secretariat to manage the province's \$133.9-billion budget; to oversee \$130.6 billion of revenues through taxation, business enterprises and non-tax revenue; and through the Ontario Financing Authority to manage the province's \$26.4-billion borrowing program.

This ministry also supports government-wide initiatives and provides key fiscal, taxation and economic policy. We manage the province's federal-provincial financing arrangement and provincial debt, and we regulate the financing services sector through our agencies.

This government has maintained a disciplined focus on finding smarter and better ways to deliver the best possible value for every dollar spent, while continuing to invest in the economy, its people and a healthy, clean and prosperous low-carbon future. These investments are helping to enhance the public services that Ontarians rely on, as well as stimulate growth.

A growing economy and new jobs are the best ways to support Ontario families and generate revenues on the province's path to balance and long-term prosperity.

0910

Our efforts are bearing fruit. As outlined in the 2016 budget, the government is projecting a deficit of \$5.7 billion in 2015-16. This is an improvement of \$2.8 billion compared to the 2015 budget forecast, and \$1.8 billion compared with the projection laid out in the 2015 fall economic statement. It's also a vast improvement compared to previous years. This represents the province's largest year-over-year reduction in the deficit in the last five years. Total revenue is projected to be \$2.2 billion above the 2015 budget plan due to stronger overall performance as planned, beyond asset optimization.

I also want to take this opportunity to remind everyone that specific net revenue gains from the sale of those qualifying assets will be dedicated to the Trillium Trust, which will help support the largest single infrastructure investment program in our province's history, including the initial public offering and the second tranche of the sale of Hydro One shares.

Furthermore, in the 2015 budget, we also included a positive impact of about \$200 million in lower interest-on-debt expenses, resulting primarily from lower-than-forecasted interest rates, a lower forecasted deficit and cost-effective debt management. This means that Ontario

is on track to beat its deficit target for the seventh year in a row. By continuing to beat its fiscal targets, Ontario's accumulated deficit is \$30 billion lower than it otherwise would have been.

The government is projecting a lower deficit in 2016-17, and total revenue is projected to increase between 2015-16 and 2018-19 at an average rate of around 3.9%. This is modestly lower than the forecasted growth of nominal GDP. Our outlook includes prudent assumptions related to the current federal government's election platform commitments for additional funding for infrastructure, home care, and jobs and training.

We must all reflect and recognize that the global economy is moving towards pricing carbon. That is why in the 2016 budget we set the stage for Ontario to auction carbon allowances in 2017. Our proposed cap-and-trade program would help Ontario invest in green projects, support innovative companies and ensure that households and businesses thrive within the transition to a low-carbon economy. We will invest in initiatives that reduce greenhouse gas emissions, while promoting opportunities for innovation, creating jobs and boosting economic growth, because we know that reducing the carbon footprint goes hand in hand with growing an efficient, competitive and productive economy.

The province's program expense outlook is projected to grow at an average annual rate of about 1.9% between 2014-15 and 2018-19. This reflects the government's commitment to invest in priority areas to enhance public services, support economic growth and the low-carbon economy and, of course, create jobs.

Given the low interest rates, Ontario has also been proactive in extending the term of its borrowing program. Extending the term to maturity allows the province to lock in those low interest rates for a longer period, which reduces refinancing risks and helps offset the impact of expected higher interest rates on the province's future interest-on-debt costs.

Going back to the beginning of fiscal 2010-11, Ontario has issued over \$54 billion in bonds with terms of longer than 30 years to lock in those low rates. As a result, the weighted average term of maturity for long-term provincial debt that was issued has been extended significantly, from 8.1 years in 2009-10 to 14.2 years in 2015-16.

The 2010 budget forecasted that by 2016-17, the province would have had to spend 11.7 cents for every revenue dollar received on interest. The current forecast is in fact 2.7 cents lower, at nine cents of interest cost for every dollar of revenue. This ratio is lower than it was in the 1990s and 2000s, and is forecasted to remain lower throughout the outlook period of 2018-19.

We are projecting that we will meet our commitment to return to balance in 2017-18, the result of a plan to eliminate the deficit that was first laid out in the 2010 budget. Achieving balance will put net debt-to-GDP on a declining track. The net debt-to-GDP ratio is forecasted to peak at 39.6% in 2015-16, remain level in the 2016-17 year, and decline to 38.9% in 2017-18 and 38.5% in 2018-19. We continue to maintain a target of reducing the net debt-to-GDP to its pre-recession levels of 27%.

With our economy expected to continue to grow just above 2%, and with the province's ongoing commitment to transform government programs and services, Ontario is well positioned for long-term stability and is projecting to remain balanced in 2018-19. This commitment to finding savings has been a hallmark of our government since the onset of the global recession. Between 2010-11 and 2014-15, responsible fiscal management resulted in the province's total expense growth being held to an average annual rate of 1.5%. This was achieved in a difficult economic environment. In addition, program spending has fallen to 16.4% of GDP in 2014-15, lower than the 17.9% reached in 2009-10.

Even with our planned investments, program expense-to-GDP is expected to fall to 15% by 2018-19. I'm proud to say that Ontario is the leanest government in Canada, with the lowest per capita program spending of any province in 2014-15, and we are projecting to remain so in 2015-16. We have achieved this—and this is important—while still ensuring that the programs and services on which Ontarians rely are valued and continue, and we have enhanced them.

I hope I have presented a brief but clear snapshot of our fiscal record and our projections for the near future. I'm confident that it demonstrates this government's strong record of fiscal management and a prudent path to a balanced budget—and it is. We remain committed to achieving this goal by next year. We're taking deliberate and responsible steps to achieve a balanced budget in 2017-18 and 2018-19. Our plan to eliminate the deficit includes transforming government and responsibly managing spending, ensuring revenue integrity and addressing the underground economy.

I'd like to briefly outline some of the steps we're taking on these fronts. To transform government planning and budgeting, this government has created the Program Review, Renewal and Transformation, otherwise known as PRRT. It is designed around four key principles: examining how every government dollar is spent; using evidence-based decision-making to inform better choices and improved outcomes; looking across government to find the best way to deliver those services; and, lastly, taking a multi-year approach to find opportunities to transform programs and achieve those savings.

This is a continuous planning approach, focused on improving outcomes for government programs and services, to ensure they are effective, efficient and sustainable. It identifies the outcomes the government wants to achieve to ensure the best available evidence is made. This analysis informs the government's decisions and tracks the performance of public services, to make sure Ontarians get the best results and value for money.

We are seeing results. In the 2015 budget, the government identified a number of major initiatives to modernize public services, improve outcomes for Ontarians and support the province's fiscal objectives. We set a target of \$500 million in savings for 2015-16.

The government is also transforming Ontario's student aid for post-secondary education to make it transparent,

timely and targeted to those students with the greatest financial need. The government will create a simple, integrated, upfront grant, the Ontario Student Grant, starting in the 2017-18 school year. More specifically, the 2016 budget stated that we will provide free tuition to college and university students from low-income families and provide better, more upfront financial support for students all across Ontario. Under the new Ontario Student Grant, we're removing the barriers to pursuing or completing a university degree or college diploma. Average tuition will be free for more than 150,000 low- and middle-income students, including virtually all students whose families earn \$50,000 or less. Tuition will also be free for more than half of the students from families with annual incomes of \$83,000, the median family income in Ontario.

0920

Over the coming year, this government will also continue to work with sector-level partners to help identify opportunities to support mutually beneficial bargaining outcomes that are consistent with the government's PRRT priorities and the province's fiscal plan.

Finally, the government's path to balance includes addressing the underground economy and maintaining tax fairness. We continue to focus on underground economic activities in all high-risk sectors, and we will continue to take concrete action to better support consumer and worker safety, as well as provide a level playing field for legitimate businesses. Additionally, the government remains committed to addressing contraband tobacco through a balanced approach of partnerships and compliance activities.

These are just some of the things that the Ministry of Finance is undertaking as we take a fiscally sound approach to managing the province's finances. I confirm that the Ministry of Finance's fiscal estimates for 2016-17 are accurate and realistic. We will continue to work towards our goal of eliminating the deficit by 2017-18 while maintaining investments that create jobs, expand opportunities and enhance prosperity for all Ontarians.

I look forward to answering questions from the committee, but first, I would like to introduce my colleague the Honourable Mitzie Hunter, Associate Minister of Finance for the Ontario Retirement Pension Plan, to say a few words about our responsible plan to enhance retirement security.

Over to you, Mitzie.

Hon. Mitzie Hunter: Thank you, Minister Sousa. Good morning, everyone. I want to say thank you to the members of the Standing Committee on Estimates and to the Chair for this opportunity to speak with you today.

I'd like to start by thanking my colleagues and staff at the Ministry of Finance for their contributions and their hard work and support. I am pleased to have the opportunity to speak about the important work our government is doing to strengthen retirement security for the people of Ontario and workers across this province.

Our government made the Ontario Retirement Pension Plan one of the pillars of our economic plan because we

believe that every worker deserves to have a secure retirement. Study after study, including ones from Canada's major financial institutions like CIBC, RBC, BMO and Sun Life, show that too many Ontarians are not saving enough for retirement. Two thirds of Ontario's workers do not participate in a workplace pension plan. If we look at younger workers, 75% between the ages of 25 and 34 do not participate in a workplace pension plan. Combine that with longer lifespans, shrinking personal savings and an average CPP benefit of just \$6,900 per year, and it all adds up to an inadequate retirement savings system.

Without action, many of today's workers may see a drop in their standard of living in retirement, and that's not good for people, that's not good for business and that's not good for Ontario's economy.

The Ontario Retirement Pension Plan will help close the retirement savings gap by providing Ontario workers with a predictable stream of income for life. That means that future retirees will have more disposable income to spend, supporting local businesses and the economy.

Let me be blunt: The ORPP is not a tax. Leading pension experts like Keith Ambachtsheer have been clear on this very point. The Globe and Mail called this idea "bogus phrasing," and said, "This money is really deferred salary for workers to access in retirement."

The ORPP is a sustainable plan, with benefits indexed to inflation so they maintain their value over time. The plan will also provide a survivor benefit, and unlike the CPP, the survivor benefit will extend to plan members who are single. Employers and employees will make equal contributions, ensuring fairness, and the ORPP will aim to replace 15% of an individual's pre-retirement income.

Our goal is for every Ontario worker to be part of the ORPP or a comparable workplace pension plan by 2020. Over the past 18 months, we have made significant progress towards this goal.

Last year, I led an extensive consultation on key design features of the ORPP. I travelled to over 10 communities across the province and received over 1,000 written submissions. I heard from Ontarians in our rural areas, our northern communities and our biggest cities. Through this process, I spoke with employees, employers, associations, labour groups, pension experts, individuals and families. What I heard throughout these meetings was that people are concerned about their ability to save for retirement and that they want their government to show leadership on this issue.

We've received broad support from Ontarians, from big organizations like the Ontario Federation of Labour calling the ORPP "a big, bold step forward," to small business owners, including one who, during a committee hearing last year, called ORPP "a reasonable cost," given the benefit that it provides to our employees.

We've passed legislation. Last year, we introduced two pieces of legislation that lay out the foundation for the plan and the key design parameters. We're tabling further legislation this spring which will outline the

comprehensive plan design details of the ORPP and ensure that employers and employees across the province have the time and information they need to prepare for implementation.

We've also established the Ontario Retirement Pension Plan Administrative Corp., the independent, arm's-length entity which will be responsible for administering the pension plan and for managing the plan's investments for the benefit of the plan beneficiaries.

Let me be clear: ORPP contributions and revenues will not form part of the government's consolidated revenues. Instead, these funds would be held in trust by the ORPP AC; the government will not determine where and how contributions are invested.

In the November fall economic statement, the government announced the appointment of the initial board of directors for the ORPP AC. The board is led by Susan Wolburgh Jenah as chair, Murray Gold and Richard Nesbitt.

Accountability is at the core of the ORPP AC. Through a strong accountability and transparency framework, the board of directors and management team of the ORPP AC will be fully accountable to the plan members. Specific accountability and transparency measures will include an annual report, an annual meeting for beneficiaries, external auditing and strong financial controls.

We've benchmarked these measures against other major public sector pension plans, such as OMERS and the Ontario Teachers' Pension Plan. A 2014 Boston Consulting Group study found these public sector plans created real economic benefits across the country by providing retirees with a predictable stream of income, increasing consumer confidence and putting more money into the economy.

The Conference Board of Canada recently conducted a cost-benefit analysis of the ORPP. The analysis confirms that both the economy and Ontarians would be better off with the ORPP. The Conference Board study found that the ORPP would add more than \$39 billion to the economy in the long term, increasing to almost \$63 billion when we also consider planned reductions in EI and WSIB premiums.

Businesses have told us that they need time to plan for the ORPP, and we've listened. This has been echoed by Allan O'Dette of the Ontario Chamber of Commerce, who said recently that "government is listening to ... business ... as it moves ahead with the implementation of the ORPP."

We're helping businesses adjust, including enrolling employers in waves and phasing in contribution rates over time, starting with the largest employers first and giving small employers until 2019 before contributions begin. We're also aligning implementation with expected reductions in EI and WSIB premiums. ORPP contributions will also be tax deductible.

Phased enrolment is an approach used when the federal government enhanced CPP in the 1990s. Pension expert Keith Ambachtsheer has pointed out that during this period, the national unemployment rate actually fell from 9.6% to 7.6%.

Strengthening the retirement income system is not only important to Ontario families; it is critical to the future prosperity of the province. As we move forward, Ontario is committed to working intensively and collaboratively with the federal government and our provincial counterparts to make progress on a national solution that addresses the needs of future retirees. By continuing with the preparation for the ORPP, the government is ensuring that if no consensus on CPP enhancement is reached, retirement security can be strengthened in Ontario through the ORPP.

We made a commitment to the people of Ontario to take action to enhance retirement security. That's the kind of leadership Ontarians expect from their government. The Ontario Retirement Pension Plan would help narrow the saving gap for millions of people who lack the security of a workplace pension plan and enable more Ontarians to enter their retirement years with confidence.

0930

Hon. Charles Sousa: I'd just like to take a few extra minutes—I know that we have some time remaining—to reiterate some of the highlights of our plan and the architecture of what our budget is about, recognizing the degree of advancements we have made since we were faced with a severe economic downturn globally and the reactions that our province took, as well as other governments around the world, including the federal government of Canada.

Our counter-cyclical policy was to invest heavily into those programs that would stimulate economic growth without hampering the abilities of Ontario families and to create those jobs. It has worked. It has enabled us to continue, now, to find greater sustainability going forward. I say that with confidence because we recognize that other parts of the world haven't advanced as quickly as Ontario has in ways of job growth. We've outpaced the United States.

In fact, because of some of the issues that we've taken in order to maintain a very competitive business climate by maintaining our overall tax in the corporate system competitively, while also investing in infrastructure and ensuring that we create those jobs for those in the trades and elsewhere, it has had a huge ripple effect to the benefit of Ontario's economic growth.

We have become the top destination in all of North America for foreign direct investment because we've also concentrated on innovative companies in highly valued sectors of our economy. We have the most diversified economy in Canada right here in Ontario, enabling us to weather those economic shocks. From biotech to industrial manufacturing—that's still a mainstay of our province, ensuring that we support our mining and resource sector, which is also critical for us—we've looked at and have started to address the low-carbon economy at the early stages, to be advanced before others in that respect.

We've taken a strategic partnership. We've looked at social enterprise because we also want to maintain a very fair society in Ontario. Our financial services sector, legal sector, engineers and all the other parts of the sector that

enable us to do some of these investments have attracted even greater desire and have enabled Ontario companies to use their services as exports to other parts of the world.

By doing this, we also recognize the need to look at red tape. We've made that Red Tape Challenge. We've looked at ways to reduce overall costs to businesses, enabling us to have partnership. That's why the Business Growth Initiative that was a mainstay of our budget is prominent in the efforts that we make to enable that economic growth.

A dynamic business climate is critical. It's why we've invested \$400 million in initiatives such as the Perimeter Institute and the Advanced Manufacturing Consortium in colleges to fund for applied research in the clean tech equity funds, as well as to boost the auto sector which is also a primary effort in our overall strategy. As it advances to new value and new highly skilled initiatives, we also want those companies to be prominent.

So we will continue to take those steps. We will continue to invest in infrastructure to stimulate growth, with over \$160 billion proposed over the next 12 years, of which \$31 billion is in moving Ontario forward with public transit funded in part by the reinvestment of those assets that we've started to apply to make it of even more value. We recognize how important that is for ultimate growth.

Of course, our greatest resource is our young people, their skills and their talent. Enabling them to be at their best will foster even greater competitiveness for the province of Ontario. It is why we've provided for greater ease for those students to seek post-secondary education.

All the while, though, we must ensure that everyone pays their fair share. It's why we are addressing tax avoidance measures and the underground economy. You must know that Ontario last year sourced close to \$900 million as a result of the efforts that we've taken and led with the Canada Revenue Agency to seek out those measures and ensure that we collect. That has been taking place. We must do more, and it's why we're addressing the underground economy and why we're addressing contraband tobacco, as an example.

Going forward, though, there are new economies before us—the sharing economy, for example. It is something that we've highlighted in this budget as well, to ensure that we level the playing field, foster innovation and support those businesses and, at the same time, have a coordinated approach with other governments and protect workers and consumers. It's essential as we advance in this realm.

The Acting Chair (Ms. Cindy Forster): Minister, you have two minutes.

Hon. Charles Sousa: Let's keep in mind that the priorities for Ontarians are services like health, education and social programs. We are investing \$1 billion more in health care. We are ensuring that we provide necessary vaccines, like the shingles vaccine, and cancer care supports, and greater funding for hospitals, home care, long-term care, hospice and palliative care. These are essential issues that we know we must maintain, and we are actually increasing supports to that.

Maintaining a fair society also means breaking the cycle of poverty, ensuring that we have greater supports for affordable housing, which we've put in this budget, that we support greater services for autism, and that we recognize the need to transform the system to enable more services at early years, providing social assistance and special needs, and we've increased the supports for that.

All in all, when we look at our fiscal numbers, our deficit is being reduced, we're beating our targets and we're coming to balance next year and the year after. Our GDP growth is outpacing all of Canada's. We are one of the top, when you look at BC and Ontario. Our program expense is controlled, but we are increasing supports for health care, education, post-secondary, children and social services.

More importantly, our interest on debt is lower. It's actually much more improved today than it has been in 25 years. Our accumulated deficit-to-GDP ratio is the same today as it was in 2003, at 25%. Our debt-to-GDP has peaked and is now going down, and it's below what was estimated.

These are all good signs that ensure that Ontario is on its path to balance, that ensure that investors and the people of Ontario can have confidence in where we're headed. Ontario families want to ensure that they have a secure job, they want to ensure that their kids can go to school, and they want to make certain that their moms and dads can get the services they need when they get into those late ages. That's why health care is important. We'll continue on our path to balance.

We would like to take questions at this point. Thank you, Madam Chair.

The Acting Chair (Ms. Cindy Forster): Right on time. Thank you very much, Minister.

The official opposition: Mr. Fedeli. You have 30 minutes.

Mr. Victor Fedeli: Thank you, Chair. Thank you, Minister and Associate Minister, for being here.

I won't be using my 30 minutes to deliver a speech. I will speak for just a couple of moments. I think we are here to hear from the minister.

The associate minister spoke about the leadership that Ontario expects. Sadly, that's not what we're getting.

In the pre-budget consultations, which were attended by all three parties, it was extremely disappointing to learn that the translations of the budget were being done while the committee was still sitting. This pre-budget consultation was attended by all three parties. A lot of people travelled great distances to attend the meetings in Hamilton, Windsor, Thunder Bay, Sault Ste. Marie, Ottawa and again here in Toronto. To know that the budget was called early, while the pre-budget consultations were under way, meant that the budget was written. Although the government continued to deny that, it was discovered that the translations were indeed being done.

I think that's insulting to all of those groups who travelled so far and spent their resources to attend these hearings when it was learned that the budget was already

being translated. I think that's insulting to not only the deputants but to the members of the committee—all three parties—who were led to believe that the work we were doing was going to be utilized. I wanted to begin with that, Chair.

0940

Many of us spent a lot of time in this room for a different kind of committee. It was the gas plants scandal hearings; I sat in this chair for more than a year. We learned so much from the documents that we eventually obtained. One of those documents was key because the minister continues to talk about the path to balance. Let me tell you: One of the very first documents that we obtained—of course, Chair, these were finance documents that were never expected to be read by anybody outside of cabinet, but because of the extraordinary circumstances of the gas plants scandal, those documents were made public to us.

There was one confidential Ministry of Finance document that I begin with—again, a document meant only for cabinet that nobody ever would have presumed was going to be seen in the public—which told the truth. It said that for 2014-15 and 2015-16: not on track to meet the budget deficits. That's the reality.

Only days after the ministry reading that statement and knowing the truth, the 2013 Ontario budget, on page 103, states that the government is on track to eliminate the deficit.

We were told one thing in the public and the Legislature, yet the government knew very well that that was not accurate. They have gone on that track for years, but the end of the day is coming soon.

They continue to talk about being on a path to balance, but we now know definitively that the only way they can now get to that path to balance is by selling assets to artificially prop up their balance sheet, masking the structural deficit that they have created.

We saw this frequently attested to by many, many sources. The budget document itself confirms that the government is using one-time money from the sale of Hydro One, as well as contingency funds, to make the deficit appear smaller. But make no mistake, Chair: In a couple of years—just after the next election, incidentally—once the one-time sales are exhausted but the spending continues, there will be and there is a massive hole in the budget. There is a structural deficit.

We've heard from the Financial Accountability Officer on that point, where he referred to the budget as "vague and uncertain," and he reported, "Maintaining balanced budgets beyond 2017-18 will likely prove challenging...."

BMO Capital Markets described it this way: "Asset sales of \$5.7 billion are 'one-time' in nature, and don't address any underlying structural deficit."

Chief economist and former deputy minister of many different ministries Bryne Purchase stated: "The added revenue from cap-and-trade and the Hydro One sale help to make provincial numbers look better."

Chair, there's a theme here from very senior people who are telling us and acknowledging, back in that 2013

ministry document, that they're not on track to balance and that the only way they're now doing it is through an asset sale.

The Financial Accountability Officer, in his first-ever report, entitled *An Assessment of the Financial Impact of the Partial Sale of Hydro One*, stated, "The initial 15% sale of Hydro One would significantly reduce the province's deficit in 2015–16." He's on to these guys. He then goes on to say, "In years following the sale of 60% of Hydro One, the province's budget balance would be worse than it would have been without the sale."

Chair, he says that there will be immediate gains and a loss of revenue over the long term, that it will have a long-term negative impact on the province. He concludes that the money from the sale of Hydro One is being used to enhance the balance sheet of the budget and artificially mask the deficit. That's what we know to be true from all of these sources.

I would start the questioning to the minister with this: Back in the 2014 budget, it promised Ontario an expenditure of \$130 billion in infrastructure over 10 years. Did that 2014 budget of \$130 billion include the sale of Hydro One?

Hon. Charles Sousa: Thank you. Let me respond to a number of things.

Mr. Victor Fedeli: I just asked one question.

Hon. Charles Sousa: I'm going to respond to the pre-budget consultations and our need to ensure we get as much input from Ontario families and the public—we did so. We all did that. I value the tremendous work that the finance committee did in going around the province, as did I when I sat on the finance committee to do just that. Of course, the associate minister did a trip across the province, as did I. We highlighted specifically what we did with respect to some of those consultations and applied them here. Furthermore, I came before this very committee—that being the finance committee—to ensure that I sought your advice.

Mr. Fedeli makes reference to the fact that he's insulted—I was here; he wasn't. He sent his memo via email to talk about nothing, other than to say, "Oh, my gosh. You guys should spend more and, by the way, balance the budget"—nothing more. At least the NDP gave us some concrete ideas.

Mr. Victor Fedeli: Chair, am I going to get an answer to my question?

Hon. Charles Sousa: Furthermore—

The Acting Chair (Ms. Cindy Forster): Minister.

Hon. Charles Sousa: —I will continue to proceed, and to do that.

I also want to reference another thing.

Mr. Victor Fedeli: Chair, am I going to get an answer to my question?

Hon. Charles Sousa: The budget was not concluded, Madam Chair. She made reference to this very issue; I'm going to respond to them.

Mr. Victor Fedeli: Chair?

The Acting Chair (Ms. Cindy Forster): Minister.

Hon. Charles Sousa: The translation of a budget is an ongoing process.

Mr. Todd Smith: You're here to answer our questions. Answer them.

Hon. Charles Sousa: And I'm going to answer them. I am.

The budget was not complete. I want to ensure that—

The Acting Chair (Ms. Cindy Forster): Minister, it is the official opposition's time. They've asked you one question; if you could please respond to that question.

Hon. Charles Sousa: I will. He asked if the budget had been complete; it was not. The budget was not completed until after—

Mr. Victor Fedeli: My question, Chair, was if the Hydro was included in the \$130 billion.

Hon. Charles Sousa: No, you asked this. I'm responding to it.

Mr. Victor Fedeli: No, I never asked a question about that.

Hon. Charles Sousa: C.D. Howe Institute just referenced the integrity of our numbers and C.D. Howe, for the fourth year in a row, has indicated that Ontario is one of the leading jurisdictions in Canada for its reporting. It's transparent.

Mr. Victor Fedeli: Chair, I did not ask that question.

The Acting Chair (Ms. Cindy Forster): Minister, Mr. Fedeli did not ask you to answer those questions. He actually asked for an answer to one question.

Hon. Charles Sousa: He asked about the \$130-billion spending in our budget. C.D. Howe Institute referenced—

Mr. Victor Fedeli: Chair, I asked if the Hydro One sale was included in that number. That's all I asked.

Hon. Charles Sousa: Yes, and I'm going to respond to that. He referenced that the FAO admits that the ratio and the sale of Hydro One, which he's referencing—

Mr. Victor Fedeli: I was talking about the 2014 budget, Chair.

Hon. Charles Sousa: —did not take into account the reinvestment of that value, which he now knows is actually much more improved than was estimated.

Mr. Victor Fedeli: Chair, I asked a simple question.

The Acting Chair (Ms. Cindy Forster): Minister, I'd like Mr. Fedeli to actually clarify his question.

Mr. Victor Fedeli: I asked a question: In the 2014 budget, was the sale of Hydro One included in the \$130-billion infrastructure plan? It's a very, very basic question.

Hon. Charles Sousa: And it's an important question to note that the \$130 billion, as we projected going forward, is a mainstay of our infrastructure plan.

Mr. Victor Fedeli: That's not what I asked you.

Hon. Charles Sousa: To fund those plans, it's a combination of our existing revenues, it's a combination of existing debt restructuring, it's a combination of our improved economy and it's also a combination of the enablement of reinvesting certain assets.

Mr. Victor Fedeli: But I wanted to know if it was a combination of the Hydro One sale. That's all I asked. It's not complicated.

Hon. Charles Sousa: I'll get to it.

When we introduced the Hydro One resale, we increased our overall budget spent accordingly. Thank you, Madam Chair.

Mr. Victor Fedeli: So I didn't get an answer. I asked a simple question. In the 2014 budget announcement of the \$130 billion, was the Hydro One sale included in that? It's a very, very basic question.

0950

The Acting Chair (Ms. Cindy Forster): Minister?

Hon. Charles Sousa: Yes, and I've answered it. I said that when we introduced the asset optimization, we included those assets to be dedicated to the Trillium Trust to be used specifically for reinvesting, and we increased our overall investment from \$130 billion over 10 years at that point to \$160 billion over 12 years going forward. But I can—

Mr. Victor Fedeli: But that's not what I asked, Chair.

Hon. Charles Sousa: I can bring in one of my colleagues to maybe make that more clear, if you would prefer.

Mr. Victor Fedeli: Well, somebody has to answer. If you can't answer the question, I'd love somebody to tell me.

Hon. Charles Sousa: I've made it very clear.

Mr. Victor Fedeli: No, you still haven't answered. All I asked is a very simple—I'm speaking to the Chair.

Mr. Han Dong: I didn't say anything. Why are you looking at me?

Mr. Victor Fedeli: All I'm asking is, was the sale of Hydro One included in the 2014 budget?

The Acting Chair (Ms. Cindy Forster): Mr. Fedeli, would you like an answer from one of the finance staff?

Mr. Victor Fedeli: Please, please. It's a very basic question.

Hon. Charles Sousa: In the 2014 budget we made clear that asset optimization was part of our strategy to go forward. We indicated that we would do so. We did so in 2015, and in 2016 we highlighted where that reinvestment is going: into Trillium Trust. I mean, it's out there. It's always been there. But if you want more to that, I can certainly encourage—

Mr. Victor Fedeli: Yes, because I asked specifically about Hydro One.

Hon. Charles Sousa: Ladies and gentlemen, this is Ron Kwan, and he can express more effectively the fact that we are proposing infrastructure investment which includes—

Mr. Victor Fedeli: But that's not what I'm asking.

Hon. Charles Sousa: —reinvesting of our assets.

Mr. Victor Fedeli: So I'll ask you, sir—

The Acting Chair (Ms. Cindy Forster): Mr. Kwan, could you state your name and title, please, for the record?

Mr. Ronald Kwan: I'm Ronald Kwan, ADM of corporate and electricity finance division, Ministry of Finance.

The Acting Chair (Ms. Cindy Forster): Thank you. Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much, Chair.

Perhaps I can ask you: In the 2014 budget, is the Hydro One sale anticipated as part of the revenue for the \$130-billion infrastructure?

Mr. Ronald Kwan: In the 2014 budget, the asset optimization plan was discussed. It was talked about as setting up the advisory council on government assets—

The Acting Chair (Ms. Cindy Forster): Mr. Kwan, could you just move the mike closer or move closer to the mike?

Mr. Ronald Kwan: Oh, okay.

In the 2014 budget, at that time, the Premier's Advisory Council on Government Assets was appointed. It was discussed that they would be looking at optimizing various government assets, looking at various business enterprises, as well as looking at certain real estate assets. For the particular assets that were being looked at, there was not a particular decision taken at that point—there was no decision taken at that point.

When the advisory council reported back, by budget 2015, the discussion was that the Hydro One sale was being recommended by the advisory council. The government accepted that and it announced that the Moving Ontario Forward plan would be increased by \$2.6 billion from \$28.9 billion—

Mr. Victor Fedeli: Yes. He's talking about the 2015 and 2016 budgets. I'm talking about the 2014 budget. Did the projected asset optimization targets include, at that point, the sale of Hydro One?

Mr. Ronald Kwan: As I said—

Mr. Victor Fedeli: Remembering that this is half a year in advance of Ed Clark's report that called for the sale of Hydro One—let's be very clear about that.

Mr. Ronald Kwan: The advisory council was being appointed to look at various assets to come forward with recommendations. At that point, there had not been a determination on what the recommendations were or what the government's acceptance of—

Mr. Victor Fedeli: Well, let me check the math here, then, because in the "dedicated funds for Moving Ontario Forward" chart—seeing as they don't want to answer, I can perhaps offer some guidance, and perhaps you can direct.

In the 2014 budget, dedicated funds, the total projected asset optimization target for the first year was \$1.1 billion, which is the sale of the GM shares. Am I correct in that? I have got a copy of the budget if you'd like to—

Mr. Ronald Kwan: Yes. The GM shares were the largest asset that was sold in that period. That would have accounted for the bulk of that projection, yes.

Mr. Victor Fedeli: So in 2014-15, \$1.1 billion. The next year was \$1 billion. The following year was half a billion, and the following year was a further half billion,

for a total of \$3.1 billion overall of those years. Is that correct?

Mr. Ronald Kwan: Yes. That was announced at that time and that was—

Mr. Victor Fedeli: So what month did the 2014 budget come out?

Mr. Ronald Kwan: I believe it was the end of April, beginning of May. I'd have to check.

Mr. Victor Fedeli: I'm sorry?

Mr. Ronald Kwan: I'd have to check the exact date.

Interjection.

Mr. Ronald Kwan: It was May 1.

Mr. Victor Fedeli: Yes, of course. When was the sale of Hydro One announced?

Mr. Ronald Kwan: There was a two-stage recommendation and report from the Advisory Council on Government Assets. The original recommendation in November was for the sale of Hydro One's distribution assets. Then in April 2015, they expanded it, having re-looked at the proposal, and recommended that all of Hydro One be sold.

Mr. Victor Fedeli: So in the 2014 budget, where \$130 billion was announced, the sale of Hydro One at that time had not been anticipated.

Mr. Ronald Kwan: What was anticipated in the 2014 budget, and the comment was, that the advisory council would be looking at a basket of government assets, and it would be moving forward with recommendations. There was a view, given that large basket, that there would be a target of a total of \$3.1 billion over a number of different years. That included the GM shares. It includes a basket of real estate assets to look at, as well as the government business enterprises. At that point, specific assets, in terms of asset optimization beyond the GM shares and a couple of real estate assets, had not been specified. But there was a target that was put in place at that time.

Mr. Victor Fedeli: That, Chair, was the point I was waiting to finally get to, that back in 2014, that \$130 billion relied on the GM shares and the sale of the real estate assets that you spoke about. Now we know them to be, of course, the LCBO and the OPG. Those are the real estate assets you're referring to.

Mr. Ronald Kwan: The LCBO head office had been announced previously.

Mr. Victor Fedeli: Yes.

Mr. Ronald Kwan: It was mentioned that there would be other real estate assets, such as the OPG head office, that would be re-examined, and also that there would be a review of government business enterprises such as OPG, Hydro One and LCBO to maximize revenue. It did not specifically say what the recommendations that would be coming from the advisory—

Mr. Victor Fedeli: How could they, when the Hydro One sale wasn't announced for a full year later? It would have been pretty hard to get to that when the sale hadn't—either the government had already decided to make that sale, and I'm not sure that that's the case, or that they announced it a year later.

The point here is, in the 2014 budget, you announced \$130 billion of infrastructure, and a year later, you now need the sale of Hydro One to balance that 130. The point, of course, goes to the Auditor General, the Financial Accountability Officer and all of the other experts that they are now using the sale of Hydro One to ostensibly balance the budget. Yes, the money is first put into transit and infrastructure, but the money that was already budgeted, the \$130 billion that was already budgeted, is now being taken out, and that's the money that is being used. Is that not the case? Is that absolutely not the case? Are all these experts telling us that this is the case—is that true?

Hon. Charles Sousa: Yes, and I'll respond directly.

In 2014, we made it very specific that we were looking at assets to reinvest into new assets. We outlined that we would do so. We gave those very numbers, as the member just outlined. In 2015, we had more solidification as to what those would be. In 2016, we've shown results from that.

Furthermore, our deficit targets improved, regardless of those asset sales. We actually outperformed, even without the asset sales, year over year.

When the member references c-funds and other things, I don't think he recognizes or appreciates that this is prudence that was put into the system. Again, if we don't use the c-fund, that means we've outperformed that as well.

That's all that has happened here. The budget is a living document. It changes over time. We have specific initiatives that take place. At times, they outperform; at times, they don't. That's why prudence is built in.

In this case, we have taken deliberate steps and we have taken deliberate decisions to enable us to have greater value for those assets, and we have achieved that.

Mr. Victor Fedeli: Chair, in the 2014 budget, it relied on only \$3.1 billion, including \$1.1 billion from the shares of GM, so only \$2 billion more, over the course of the next three years. Yet the sale from Hydro One is monumental compared to that. In fact, in the last budget, they put far more than a billion dollars of the Hydro One money into the budget, which artificially lowered the deficit.

1000

If the Hydro One money, Minister, wasn't originally budgeted, then, in the 2015 budget, why didn't the infrastructure total rise when it was included?

Hon. Charles Sousa: Actually, the infrastructure total did rise over time.

Mr. Victor Fedeli: In the 2015 budget.

Hon. Charles Sousa: We recognize—

Mr. Victor Fedeli: In the 2015 budget.

Hon. Charles Sousa: Regardless, as the results are ringing in, we took—

Mr. Victor Fedeli: No, no, no. It's not "regardless"; that's the question.

Hon. Charles Sousa: But it rose. We've increased our infrastructure spending—

Mr. Victor Fedeli: No, no, no. In the—

Hon. Charles Sousa: —from \$29.5 billion to \$31.5 billion because all these funds are dedicated to public transit and improving our infrastructure.

Mr. Victor Fedeli: Chair, my question was very specific. I asked about the 2015 budget. You announced \$130 billion in the 2014 budget. You reannounced \$130 billion, precisely the same number, in the 2015 budget, yet it had all these extra billions from the Hydro One sale. Why didn't that number go up? Why was it simply included?

Hon. Charles Sousa: I indicated earlier that we're funding infrastructure through a combination of debt and repurposing of assets to ensure that we minimize our impact on our debt structure.

Mr. Victor Fedeli: So if you repurpose—

Hon. Charles Sousa: And as we move forward, we've also increased our overall infrastructure spend from \$130 billion over 10 years to \$160 billion over 12 years.

Mr. Victor Fedeli: If you repurpose—you're talking about the 2016 budget; I'm back in 2014-15.

Hon. Charles Sousa: Well, you want to go back in time, then. We're looking at—

Mr. Victor Fedeli: I want to look into what you did and what you told the people, because what you told the people is not what's actually happening—

Hon. Charles Sousa: It's right in here. It's right in the estimates book.

Mr. Victor Fedeli: —and you know it. You got caught again. That's why you want to talk about that.

Hon. Charles Sousa: Oh, please.

Mr. Victor Fedeli: And don't "Oh, please" me.

Hon. Charles Sousa: Perry Mason—okay, pretty good.

Mr. Victor Fedeli: You got caught yet again. You told the public one thing when absolutely the opposite of that is the fact.

Hon. Charles Sousa: That's not the fact; the fact is, we increased our spend—

Mr. Victor Fedeli: That's exactly what has happened. If you—

Hon. Charles Sousa: —in our public transit from \$29 billion—

The Acting Chair (Ms. Cindy Forster): Minister, it's Mr. Fedeli's time.

Mr. Victor Fedeli: If you increased the optimization of your assets to put into that, then why didn't that number grow in the 2015 budget? It stayed the same.

Hon. Charles Sousa: No, it didn't. We increased our support—

Mr. Victor Fedeli: Yes, it did. It's \$130 billion in both 2014 and 2015. It did not change. You made the same announcement; in fact, you used the same words: "seven and a half cents" a litre. All the same words are in the same paragraphs. It's a cut and paste of 2014.

Hon. Charles Sousa: Madam Chair, we stated in the budget that we would be investing more than \$130 billion going forward as our results are brought in, and that's what we've done.

The Acting Chair (Ms. Cindy Forster): Mr. Fedeli, you have about five minutes left.

Mr. Victor Fedeli: Thank you very much.

I'm going to see if we can get a little deeper into this. It is now known—it has been laid bare—that you have taken the Hydro One money and put that into balancing your budget. That has absolutely and definitively been laid bare by the Financial Accountability Officer and other respected bodies who will tell us the truth about these numbers. That's what we're getting.

I don't understand how you can put many billions of the Hydro One sale in the 2015 budget and not grow that number in the 2015 budget. You've copied and pasted the same text from 2014 into 2015, and now you're backpedaling on that because you got caught again. That's the definitive answer that we see from all of the authorities.

Hon. Charles Sousa: I'll reply, again, Madam Chair, if he wishes.

We stated—

The Acting Chair (Ms. Cindy Forster): Mr. Fedeli, is that a question?

Hon. Charles Sousa: You're asking the question again?

Mr. Victor Fedeli: No, that's my statement on the 2014.

Hon. Charles Sousa: You're not allowing us to state the facts.

Mr. Victor Fedeli: Well, I've heard the facts from the Financial Accountability Officer.

Hon. Charles Sousa: This budget is a living document. It does have issues that change over time, and as we get proper results that are factual, we then institute them to relate to them. That is why we've reduced our projections.

Mr. Victor Fedeli: Chair?

Hon. Charles Sousa: That's why we've improved our deficit targets. Also, I've stated that we have actually improved our performance, regardless of those asset sales—

Mr. Victor Fedeli: Chair, may I?

Hon. Charles Sousa: —which are dedicated to increase funds.

The Acting Chair (Ms. Cindy Forster): Minister, you'll have the opportunity in your reply.

Mr. Fedeli?

Mr. Victor Fedeli: Again, I take the minister's point that it is a fluid document, and things change. But as things change, we would be expected, as members of the Legislature, to be told accurate information.

If indeed the revenue of the sale of Hydro One is now going into lowering the deficit, as the FAO and others have told us, then we should be told by the minister that that, indeed, is accurate. He continues to deny that that is what's happening. Yet it's very clear, by their own admission, that money is put into general revenue and the money that was already put in general revenue to fund transit is now taken out and is artificially lowering the deficit.

Why won't the minister simply admit what everybody else already knows to be true?

The Acting Chair (Ms. Cindy Forster): Is that a question?

Mr. Victor Fedeli: That's a question: Why will the minister not admit what everybody else already knows?

The Acting Chair (Ms. Cindy Forster): Minister.

Hon. Charles Sousa: Madam Chair, we have stated time and time again that we are maximizing the value of our assets. While we, in 2014, indicated that we would be looking at our assets, recognizing that some assets were very valuable and didn't have greater benefit by repurposing them—the LCBO being one of them; OPG, where we have our power plants, being another—we recognized that Hydro One's valuation was not at its peak. We noted that even if we were to split Hydro One into the LDCs, where we compete with 72 other companies versus the spine, it was more valuable by combining them and repurposing them, which is what we've done.

We further stated that any net gain from those assets would be dedicated to the Trillium Trust to be invested, dollar for dollar, in moving Ontario forward with our public transit initiatives. That's exactly what we are doing.

Furthermore, the valuation to the public is increased, because it is noted that for every revalue that we put into new infrastructure—it nets out about 1.4 cents for every dollar invested, which is much greater than the previous performance of Hydro One—

Mr. Victor Fedeli: Thank you, Chair. I don't disagree with what the minister is suggesting—

Hon. Charles Sousa: We have proceeded to do so, Madam Chair—

The Acting Chair (Ms. Cindy Forster): Thank you, Minister.

Mr. Fedeli, you have two minutes to wrap up.

Mr. Victor Fedeli: There's no question that what the minister is stating, in that part of that answer, is what they did; there's no question about that. The question that I have is, why will he not admit to what everybody else knows? In Bill 144, the finance bill, which allows the government "to reimburse the crown for expenditures incurred by the crown," which allows the money that came from the sale of Hydro One to be put into the Trillium Trust and to be disbursed into—

Mr. Han Dong: Point of order.

The Acting Chair (Ms. Cindy Forster): Point of order, Mr. Dong.

Mr. Han Dong: According to the clock I see on the wall, that's 30 minutes already.

The Acting Chair (Ms. Cindy Forster): Well, we're keeping time here, Mr. Dong. Thank you.

Mr. Fedeli.

Mr. Victor Fedeli: Thank you, Chair. The money from the Hydro One sale that is put into the Trillium

Trust can be used for infrastructure and transit. We understand what they're doing. We may or may not agree, but we understand. But the fact that the money can also be used to reimburse the crown for monies already spent is the mechanism they're using to pay for transit that was already budgeted for, and that money now has been used to reduce the deficit. Why will the minister simply not acknowledge what everybody already knows and has said publicly?

The Acting Chair (Ms. Cindy Forster): On that note, your time is up, Mr. Fedeli.

Interjection.

The Acting Chair (Ms. Cindy Forster): The time is up, actually, Minister. The 30 minutes is up.

We are now at seven minutes after 10. We have a housekeeping issue. Bill 173 is being debated in the House this afternoon, the budget bill. Under 60(e) of the standing orders, "No estimates shall be considered in the committee while any matter, including a procedural motion, relating to the same policy field is being considered in the House."

Do we have the consensus of the committee that we will not meet this afternoon while the budget bill is being debated for two hours? The other option is that we do meet. If the budget bill is debated, then we would adjourn once we arrive here.

What's the consensus of the committee? Is it option one: that we would agree here that we will not meet today?

Mr. Michael Harris: What's option two?

The Acting Chair (Ms. Cindy Forster): Option two is that we come here, and if the budget bill is then debated, we would adjourn this meeting. So either way, we won't be meeting.

Ms. Catherine Fife: The budget bill is coming before us this afternoon. It's time-allocated, right?

The Acting Chair (Ms. Cindy Forster): Correct.

Ms. Catherine Fife: So we have no choice.

Mr. Michael Harris: No, we can't meet in committee—

The Acting Chair (Ms. Cindy Forster): So there's agreement that we will not be meeting this afternoon and that we will resume tomorrow after routine proceedings.

Yes, Mr. Baker.

Mr. Yvan Baker: Chair, I support that, but I'd propose, and maybe this is what you had in mind, that we adjourn now. Is that correct?

The Acting Chair (Ms. Cindy Forster): Yes. So we're all in agreement with that, that we'll adjourn now? Okay.

We won't move on, actually. We only have five minutes. The third party can start their 30 minutes tomorrow after routine proceedings.

Thank you so much. We're adjourned.

The committee adjourned at 1010.

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First Session, 41st Parliament

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 13 April 2016

Mercredi 13 avril 2016

The committee met at 1546 in room 151.

MINISTRY OF FINANCE

The Chair (Ms. Cheri DiNovo): Welcome. Good afternoon, everyone. We are here to resume consideration of vote 1201 of the estimates of the Ministry of Finance. There is a total of six hours and 30 minutes remaining. When the committee was adjourned, the New Democratic Party was about to start their 30-minute statement.

Just a bit of housekeeping before we start that: From now on, estimates will be held in this room; it has been sorted out with the other committee.

Ms. French, it's over to you.

Ms. Jennifer K. French: Thank you very much. I am certainly pleased to have this opportunity to ask some questions specific to my portfolio, which is pensions.

I'd like to start us off, if I can, on the Ontario Retirement Pension Plan, specifically on eligibility. Minister, I did write to the Premier shortly after the exclusionary rules were introduced in August. I actually didn't receive answers to any of my questions so I'd like to ask you those questions now.

We know that investment assets are vulnerable to a number of factors, including the number of people contributing to the plan and the number of people receiving benefits, and we know that the greater the number of people in the plan, the stronger the pool of capital.

In December 2014, the ORPP consultation paper stated that your government's preferred approach was "restricting the definition of 'comparable' plan to only DB plans...." That definition was then broadened in August 2015 to include defined-contribution plans with the intention "to develop an appropriate comparability threshold for" pooled registered pension plans as well.

At that time your press release said, "Our goal is for every employee in Ontario to be part of the ORPP or a comparable workplace pension, by 2020." However, if we fast-forward to January 2016, the government's press release at that time read, "Today's announcement brings the government closer to achieving its goal of ensuring that every eligible Ontario employee is part of the ORPP or a comparable workplace pension plan by 2020."

The government has admitted in black and white that not every Ontario employee is considered eligible. This is not including those in comparable workplace pension

plans. My question: Minister, will seasonal workers be considered eligible for the ORPP?

Hon. Charles Sousa: I think it's well defined in the act that's coming forward. The CPP has some exclusionaries for religious issues, I believe it is, and those are the ones that we've identified. In terms of seasonal employment, there is a threshold—I think the minimum is \$3,000 a year.

Ms. Jennifer K. French: Okay. What about independent contract workers?

Hon. Charles Sousa: Self-employed people have some exclusionary issues. I think that's also in tandem with the CPP. But, for all intents and purpose, if they're working for the same contractor, they would be subject to eligibility.

1550

Ms. Jennifer K. French: Okay. What about those workers who are not considered an employee under the Employment Standards Act?

Hon. Charles Sousa: We have our resident expert on the ORPP. Do you have an answer, Mitzie Hunter, on this particular issue, which is the exclusionary items for respective employees on the ORPP and one being—just now?

Ms. Jennifer K. French: Workers who are not considered an employee under the Employment Standards Act.

Hon. Mitzie Hunter: Our goal is to ensure that every worker in the province of Ontario is either in a comparable workplace pension plan or the ORPP by 2020. We are working towards that goal. We're phasing in employers and employees starting in 2018 in terms of contributions. Where there are areas with restrictions under the Income Tax Act, we have to respect those restrictions. At the same time, we are approaching the federal government in terms of meeting our goal, which is to ensure that everyone is covered under either the ORPP or a comparable workplace-based pension plan.

We are very committed to ensuring that there's adequacy and coverage when it comes to retirement security in Ontario.

I understand there was a question with respect to agricultural workers, and I'm happy to have our associate—

Hon. Charles Sousa: That's the question right now.

Ms. Jennifer K. French: Well, I'm pleased to hear you saying "every worker." As I was pointing out,

originally you'd said "every employee," and then "every eligible" and now I'm hearing you say "every worker."

Hon. Mitzie Hunter: It's every worker. Our commitment and our goal here in terms of establishing the Ontario Retirement Pension Plan—and this is a priority of our government and a commitment that we've made—is for all workers in Ontario to either be enrolled in the ORPP or a comparable workplace-based pension plan by 2020.

Ms. Jennifer K. French: If you would like me to repeat the earlier question just so you know what the minister answered, if you wanted to weigh in, I had asked, "Will seasonal workers be considered eligible?" I had asked about independent contract workers, and then the last one was those who are not considered employees under the Employment Standards Act. Will they be eligible?

Hon. Mitzie Hunter: I'll let the associate deputy—

Interjection.

The Chair (Ms. Cheri DiNovo): Excuse me. Mr. Thompson, could you introduce yourself before you begin to speak?

Mr. Scott Thompson: Of course. I apologize. Scott Thompson, Deputy Minister of Finance. Thank you, Chair.

Just to hum a few more bars on the "everybody" approach, because that is the goal—there are some hurdles, though, in terms of self-employed and employees of federally regulated entities. We'd like to work with the federal government to get those exclusions addressed so that those two categories of employees could also be included, but we don't have the authority to do that just on our own. We would need to get the federal government to assist us on that.

Ms. Jennifer K. French: Okay.

Mr. Scott Thompson: Is there a specific example of somebody excluded from the Employment Standards Act?

Ms. Jennifer K. French: I don't have a specific example, but an employee who isn't—a worker who is not considered an employee under that.

Interjection.

The Chair (Ms. Cheri DiNovo): Again, might I remind you to—

Mr. Mahmood Nanji: Mahmood Nanji. I'm the associate deputy minister of finance responsible for the ORPP.

The workers who would not be eligible or subject to the Employment Standards Act would be federally regulated workers. That would be one category of workers. As the ministers have indicated, pending approval from the federal government, the desire is to include those in there.

The Canada Pension Plan has specific exemptions for certain types of workers. For example, when individuals go overseas to teach English, they are excluded from that. Seasonal workers who make less than \$250 are excluded from that. The intent of the ORPP is to parallel all of those exemption categories.

Ms. Jennifer K. French: Thank you. Based on your latest definition of "comparable pension plans," can you tell me how many Ontarians will be excluded from the ORPP?

Mr. Mahmood Nanji: Excluded?

Hon. Charles Sousa: The intent is to have everyone covered by some form of workplace pension that's comparable to the ORPP.

Ms. Jennifer K. French: Right.

Hon. Mitzie Hunter: We know that two thirds of Ontario workers don't have a workplace-based pension plan. When we look at younger workers, in fact, 75% of young workers are not part of a workplace plan.

Ms. Jennifer K. French: Right. But that's who you're looking to include.

Hon. Mitzie Hunter: So our goal, as we've said, is, by 2020, to have all workers in Ontario either part of the ORPP or a comparable plan, with the limitations that the associate minister and the deputy minister have talked about. We are seeking to address those limitations. We have to work co-operatively with the federal government to adjust the ITA rules in order to have federally regulated employees enrolled and make those adjustments, but our intention is to have all workers who need a plan in the ORPP.

Ms. Jennifer K. French: We've had an evolving definition of what comparable would be. Early on in your discussion paper, there was a goal—you know, comparable at that time was hopefully going to just be defined-benefit. That has shifted. There are more now that will be in what is considered by this government a comparable plan. So when we look at what would fall under that comparable, and therefore exempt, umbrella, what numbers are we talking about? How many Ontarians are in what you would consider comparable plans? As you're looking at things like PRPPs and all of that in terms of what you are proposing as comparable, how many are not going to be eligible for this plan that are under comparable plans?

Hon. Charles Sousa: So how many would be comparable under a mandatory PRPP or a substantive DC plan—

Ms. Jennifer K. French: When you add up your DBs and your comparable DCs and PRPPs, how many are we talking?

Hon. Mitzie Hunter: So I think this is a great opportunity to really talk about what comparable means and why we came up with that approach. You're right: Our approach was intending to consult with Ontarians to talk about the implementation of the ORPP. I went out a year ago with a consultation paper—

Ms. Jennifer K. French: I know; I was there. I crashed at least one.

Hon. Mitzie Hunter: You were there. I believe that was the Kingston consultation. We heard very clearly that retirement security is a challenge and that we need to ensure that people retire with enough income, and that's income for life. What we recognized is that there are very solid defined-benefit and defined-contribution plans out

there. This was done through analysis, and through talking with those employers and employees as well, in terms of the value of those plans.

We have come up with a test. In fact, we will have a verification process—

Ms. Jennifer K. French: Are you still determining what comparable is going to be?

Hon. Charles Sousa: No, no.

Hon. Mitzie Hunter: No, we have a test, and I can go through what that test is. For defined-benefit plans, it's an accrual rate of 0.5%; for defined-contribution plans, it's 8% contribution, with at least half of that coming from the employer. Also, for multi-employer pension plans, they would have the choice as to which of those tests they would use.

Ms. Jennifer K. French: So for something like a PRPP that doesn't even exist yet, to have any kind of level of those comparable, what does that look like?

Hon. Charles Sousa: It would be a mandatory form. It has to be a registered plan and it would have to have at least 8% contribution.

Ms. Jennifer K. French: So when you look at the pension landscape—well, I would argue that a PRPP is not a pension, but if you look at the comparable vehicle landscape, how many Ontarians would you add up and estimate will be considered comparable and not eligible for participation in the ORPP? And then I have great questions on design and delivery I'd like to move on to.

Hon. Charles Sousa: The premise of the question, though, is that 100% of those workers would have some form of a pension plan, of which 60% or so do not now have one. Those who do have one is your question. Of those who do have one—

Ms. Jennifer K. French: How many?

Hon. Charles Sousa: How many? All right.

Mr. Scott Thompson: So we would have to—mostly on the DC side, because that's probably where there's going to be more judgment as to whether the DC is comparable or not. We have to do some work on identifying what those are and what their benefits are, but a rough estimate would be a little less than a million. So if you're asking how many individuals are in plans that are considered to be comparable, somewhere south of a million.
1600

Hon. Mitzie Hunter: I do want to say, if I may, that we will ensure that all employers undergo a verification process to determine the nature of the plans that they have and to ensure that that comparability lens is applied. Because, as I said, our goal is to ensure that all workers are covered for retirement security, either through the ORPP or through a comparable plan, as based on the tests that we've just discussed.

Ms. Jennifer K. French: Okay. I have a couple of questions about design. You've mentioned the CPP a couple of times. As I recall, originally you had said that the ORPP would be modelled after the CPP, or would be designed in such a way that it could fit together with it or whatever. But it was a different place than where we are now, which is that it seems you're literally flipping that

around. We're talking about having the CPP expansion perhaps be modelled after the ORPP.

According to the 2016 budget, page 151, "The province's extensive consultations in developing the ORPP have helped to inform Ontario's view that a CPP enhancement must be timely and provide a level of adequacy and targeted coverage that is consistent with the ORPP."

Anyway, that was a bit of a surprise that it was the flip there. What effect will the exclusions that we've just talked about have on a future CPP expansion, and will an enhancement of the CPP also start leaving certain groups of Canadian workers out?

Hon. Charles Sousa: Obviously, we want to accommodate all workers in Ontario. The issue that has arisen as a result of the consultations made by Associate Minister Hunter and others is that too many don't have the pension that would even be accommodated by an enhancement to CPP. We have indicated through these consultations that a greater need exists and that those who don't have a pension plan need some form of greater relief.

The ORPP is a much more substantive supplementary plan than that which has been proposed in the past for an enhanced CPP. We're going down both tracks, recognizing that what we're offering as a result of our consultations is more wholesome than a CPP enhancement.

Hon. Mitzie Hunter: We're looking to supplement the Canada Pension Plan. The average in Ontario is around \$6,900 that people receive from the CPP, which is simply inadequate. The maximum is \$12,500. The ORPP, with a contribution of 1.9% each from the employer and the employee, is targeting to replace 15% of pre-retirement income. Together with CPP at around 25% and an ORPP, people will have a very strong retirement income savings floor from the benefits that they receive from the ORPP and the CPP together.

Our expression in the budget is that we're participating very fully in those discussions in terms of CPP enhancement. In fact, one of the core pillars of our government is to ensure that we have strengthened retirement security in this province for workers. Our conversation with CPP is to ensure that that work we've done on retirement security is part of the consideration.

In terms of adequacy, ensuring people have a strong retirement income savings floor is something that's very important to us. We want to see that achieved—that's the 15% for retirement income replacement. In terms of coverage, we know, through our analysis of the pension world, that there are very strong pension plans that do exist and that are delivering that coverage already.

Ms. Jennifer K. French: As you're working with your federal counterparts and you were having pension conversations—that part's good. But in terms of CPP enhancement, I read the budget correctly that it is your view that it should be targeted coverage as opposed to expansive, that it would be sort of a two-tiered, much like this is: that you have comparable and exempt when you have those who are covered, and you're looking to affect the CPP enhancement in such a fashion?

Hon. Mitzie Hunter: Yes, and those discussions—you might want to expand on those—are just now under way. Ontario is participating in those discussions. We don't have a model yet that we can react to, but we certainly want to bring all of the lessons that we've learned as we've been going out and doing consultations. We received 1,000 responses to our consultation paper in written submissions alone. We want to make sure that we inform that process with what we've learned.

Hon. Charles Sousa: In 2013, we did have a session with the federal-provincial-territorial meeting regarding security enhancement, which Ontario brought forward together with the council to foster a CPP enhancement solution. It didn't fly in 2013.

In our most recent meetings, other provinces were more hesitant with a CPP enhancement. As a result, we've made it clear that we are proceeding with the ORPP. We'll provide forward a solution that would work in Ontario. It would be a platform that could be used by other provinces as well. We are still engaged and willing to provide a national solution with the federal and other provincial ministers.

Ms. Jennifer K. French: But where we have CPP and a universal plan versus this, which is—

Hon. Charles Sousa: It's a targeted plan.

Ms. Jennifer K. French: —so not a universal plan. Now, to design that expansion, in keeping consistent with the ORPP, as you put it—I just want to be clear that—

Hon. Mitzie Hunter: But you know, I think that—

Ms. Jennifer K. French: I would also like to move on to some of the specifics.

Hon. Mitzie Hunter: Sure, and I think that what's important in terms of our goal of ensuring everyone has an adequate pension plan is it's something that Ontario is committed to. The ORPP will enroll 450,000 employers. Four million Ontario workers will be members of this plan, with contributions annually of around \$6 billion when the plan is fully in place. We know that people need retirement security; they need adequacy in retirement. That is the intention of this particular plan.

Hon. Charles Sousa: And we'll continue to encourage a CPP solution.

Ms. Jennifer K. French: Okay. In terms of delivery, like in last year's budget, the 2016 budget states on page 148 that the administration of the ORPP may be delivered using third-party delivery partners.

I would ask if the minister can confirm whether the ORPP will be privatized, and also, can you update us on where the government is in this process?

Hon. Mitzie Hunter: Sure, so—

Hon. Charles Sousa: Go ahead.

Hon. Mitzie Hunter: We've actually established the Ontario Retirement Pension Plan Act. That was passed last summer and set up the corporation. We have an initial board of directors chaired by Susan Wolburgh Jenah. Murray Gold and Richard Nesbitt are on that initial board. It is arm's length from government. The purpose of the ORPP AC is to provide the administration for the plan, including benefits as well as managing the

funds. So it will be a professionally managed, board oversight organization.

Ms. Jennifer K. French: In terms of admin, but then the delivery side?

Hon. Mitzie Hunter: It's actually responsible for both in terms of the collection of contributions as well as the investments of those funds and the payment of benefits once that begins in 2022.

We were committed to this. We also passed, as you know, the framework legislation, the ORPP administrative act, 2015, which outlines the fact that we want to ensure that we have a sustainable plan and that these funds are held in trust for the members of the plan. It is important that we have a plan that is as efficient and effective as possible in terms of its administration.

We're, in fact, working together with the federal government to talk about data sharing and plan registration, and also to talk about options for working together on administration as well. We are looking at third parties as well. We have great public sector pension plans right here in Ontario. We have a lot of pension and financial services expertise that we want to build on and bring that knowledge into the ORPP as we set up this plan. So it is an arm's-length agency that will be responsible for those areas of administration and investment, as well as contributions collection.

1610

Ms. Jennifer K. French: Chair, how much time do I have left?

The Chair (Ms. Cheri DiNovo): You've got about seven minutes.

Ms. Jennifer K. French: Wow, okay. So we're going to move faster.

Underfunding DB plans: If we were looking at the 2014 Auditor General's report—I'm hoping that you guys have taken the AG's recommendations, so I have a few questions.

"For the pension plans to pay" retired members' benefits, "the assets of the plan must be sufficient to meet ... pension liability..."

"A defined-benefit pension plan has a solvency deficiency ... when it is underfunded and does not have enough in assets to pay its pension liability if the plan were to wind up immediately..."

"FSCO prepares a monthly internal solvency watch list report that lists all defined-benefit pension plans with solvency concerns..."

Based on the latest quarterly update from FSCO—December 31, 2015—we know that only 8% of plans had a solvency ratio greater than 100%, meaning that about 92% of defined-benefit plans still have a solvency deficiency. This is also similar to the percentage reported back in 2013.

Can the minister provide us with the total underfunding value, as well as the breakdown by pension plan type?

Hon. Charles Sousa: FSCO does provide that. There are some that are more at risk than others, depending upon the degree of insolvency. I can go back and determine if we can get those numbers for you.

Ms. Jennifer K. French: Okay. How many active and retired members are affected by the solvency deficiency?

Hon. Charles Sousa: I'll get those exact numbers. But we do have accommodations. We're dealing with all of those that are affected. There are about two or three that we're trying to resolve right now.

Ms. Jennifer K. French: Thank you. By the end of 2015, 65% of defined-benefit plans in Ontario have solvency concerns.

Hon. Charles Sousa: Say again?

Ms. Jennifer K. French: Less than 85%.

Hon. Charles Sousa: Yes. The effects of the market that have occurred of late, including WSIB, have now returned to stronger positions, similar to some of these other pension plans that you've cited. They are having recovery.

Ms. Jennifer K. French: Well, yes. Based on the numbers that I have here, there are approximately 1,300 defined-benefit pension plans. Of those, 845 pension plans have solvency concerns.

Hon. Charles Sousa: We might have these answers for you right now.

Ms. Jennifer K. French: Okay. I have a whole whack of—whoops! Throwing things around.

What I'd like to know is: How many active and retired members does that represent? What's the total amount of the underfunding? Then I would like to know the specific breakdowns of how many defined-benefit plans have solvency ratios that are equal or greater than 0.7. There's a chart. We'd like to find out who we're talking about—how many plans and how many people are affected; real numbers.

Mr. Scott Thompson: So why don't I ask Leah and Brian to give you a summary? We're not going to have those exact numbers with us today—

Ms. Jennifer K. French: That's fine.

Mr. Scott Thompson: —but we will go away and look at what we have and what we can give to you.

It's also important to note, as the budget pointed out, that we're looking at solvency. We have David Marshall appointed to look in more detail at our solvency rules in an official review.

But as far as your more specific questions about active and retired members and types—

Ms. Jennifer K. French: I'm happy to have that addressed later, if we can, if you don't have the specific numbers now. It's more to the point that we want the human numbers.

Mr. Scott Thompson: Just to make the most productive use of our time, maybe Brian could at least help to understand exactly what you're requesting so that we can tell you what exists and what doesn't.

Introduce yourself, Brian.

The Chair (Ms. Cheri DiNovo): Yes, please. Thank you.

Mr. Brian Mills: Is it on now?

Mr. Scott Thompson: Yes.

Mr. Brian Mills: It's Brian Mills. I'm the CEO and superintendent of financial services at FSCO.

Ms. Jennifer K. French: Hi.

Mr. Brian Mills: Hi. We've met before.

Ms. Jennifer K. French: I was going to say.

Mr. Brian Mills: We produce an annual DB funding report, which will be released in the next week, so it may be released in public by the time we meet next week. A lot of the information that you've talked about and asked about will be available in that report.

Ms. Jennifer K. French: Okay, great. I'm going to move through this. You might want to stay there, because I've got a couple more questions for you.

"FSCO does not make public its solvency watch list, even in summary form. FSCO senior management told" the Auditor General "that because the Pension Benefits Act does not explicitly state that names and details of pension plans with solvency deficiencies should be reported publicly, it has not made a practice of doing so."

I'm asking if the minister will commit to making the solvency watch list public.

Hon. Charles Sousa: So what do we do?

Mr. Brian Mills: We do not publish that information. That information is particular to individual plan members who are participants in those pension plans. Therefore, they get that information because they're participants in those pension plans. It is available to them; they get it through annual members' statements. That is available to them so that they know the financial situation. In fact, the government recently introduced, a couple of years ago, the transfer ratio, which is really the windup ratio of the pension plans. That is provided to all members through their annual pension statements so they know the status of their pension plans every year and whether it has improved or not improved.

Hon. Charles Sousa: And when we make some conditions respecting those pension plans, it is communicated to the beneficiaries. It's their privacy issues that we're trying to resolve.

The Chair (Ms. Cheri DiNovo): I'm afraid you only have about a minute to wrap up.

Ms. Jennifer K. French: Ah, okay. Time flies when you're having fun. Gosh, prioritizing—so many.

The Auditor General recommended that FSCO conduct an analysis on the rise of underfunding. Without giving all the background, has this analysis been completed by FSCO? If so, can you share the findings with the committee?

Mr. Brian Mills: Actually, we are currently working on that analysis. The target date we gave—it was actually to this standing committee—was September of this year.

Ms. Jennifer K. French: Okay, thank you.

We see a lot of things happening with the Office of the Superintendent of Financial Institutions. They have a five-stage rating system. Are there any plans to mirror federal practices? I'm jumping all over the place because I have less than a minute—sorry. Limited powers of the superintendent of FSCO: That's what we're talking about. Are there any plans?

Hon. Charles Sousa: We are doing a review of FSCO, of DICO and of some of our agencies. They're

well aware of some of that work that's being done. We have recommendations that are coming forward that address and recognize that we want to maintain the integrity and the transparency of the work that FSCO does do. We want to ensure that that is abided by.

The Chair (Ms. Cheri DiNovo): I'm afraid that your time is up, Ms. French. We now move back to the minister, who has 30 minutes.

Hon. Charles Sousa: Thank you, Madam Chair, and thank you to the committee members again for the opportunity to address you this afternoon.

In the 2016 Ontario budget, we outlined the next steps in our government's plan to grow our economy and create jobs while eliminating the deficit. Ontario's plan has been long in the making. We continue to chip away at the deficit and exceed our targets. Now we're in the home stretch, and I'm pleased to say that Ontario will balance the budget in 2017-18.

The main benefit from a growing economy is more high-value jobs. Our economy is doing a little better than other regions. We're expecting real GDP growth to continue this year at about 2.2%. Our unemployment rate has also improved relative to the national average. That's because small and medium-sized enterprises punch above their weight and have contributed more.

Between 2010 and 2014, the rate of increase in employment by small and medium-sized enterprises was twice that for large companies. More than 610,000 net new jobs have been created since the depths of the global recession, and we expect 320,000 more jobs over the next three years. That would bring the total new jobs created to more than 900,000 in 10 years. We're proud of that.

But we're cautious and we recognize the uncertainty that Canada and the rest of the world are facing. That said, we're seeing improved economic growth in the US, lower oil prices, a more competitive Canadian dollar and, of course, low interest rates. All these factors are currently favouring our provincial economy. These projections are based, as you can appreciate, on independent forecasters, who, in fact, expect Ontario's growth to continue beyond 2016.

However, we know from experience that the global economy can turn quickly. We can't trust that fair economic winds will always remain, so we must chart our new course and stick to it, a course that we've laid out in the 2016 Ontario budget after extensive consultations with the people of Ontario. In fact, we conducted pre-budget consultations across the province. This included 20 in-person pre-budget sessions in 13 cities with more than 700 people. It included two telephone town halls reaching more than 52,000 Ontarians, it included receiving 500 written submissions and it included online consultations with more than 6,500 users through our Budget Talks website. Ontarians let us know how they felt about the subjects that mattered most to them, like jobs, education, health care and the environment.

So we have charted our course. We took into consideration the reviews and submissions made to the finance committee and the consultations that I had with

the members around this room. The 2016 budget includes a number of those key actions to keep us on track.

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In the 2016 budget, we renewed our commitment to ensure Ontario's dynamic and innovative business environment.

Ontario has become the top destination for foreign direct investment in all of North America, beating out California, Texas, New York and every other province. That's not by accident, because we've kept taxes competitive. We've cut the marginal effective tax rate on new business investment in half. We've reduced our corporate income tax, noting that the combined CIT rate is lower than the comparable rate in any of the US states.

We're also lowering the costs of doing business by reducing red tape and lowering electricity costs through initiatives like the industrial conservation initiative, which we expanded last July. This should help more than 280 of Ontario's largest energy consumers save about 25% on their electricity bills. With the elimination of the debt retirement charge on April 1, 2018, for commercial, industrial and all other users nine months earlier than previously estimated, this will further reduce electricity costs.

We must always look for new ways to help our businesses be more productive. Maintaining a dynamic business environment is key. It's also worth noting that for the fourth year in a row, the C.D. Howe Institute has recognized Ontario as one of the leading jurisdictions in Canada when it comes to fiscal accountability.

Ontario has just received an overall grade of A minus for its transparent presentation and explanations of financial results. We rank among the best in forecasting spending, reflecting low bias and high accuracy in expense projections. Regarding revenue, Ontario has the lowest forecasting bias of all jurisdictions.

Ontario continues to act on opportunities to further strengthen government transparency, financial management and fiscal accountability. To help make the fiscal plan a reality and to deliver programs and services through enhanced stewardship of public funds, the government will continue to build on its proven track record of responsible fiscal management and will balance the budget by 2017-18.

Here are some steps we're taking. We're investing in regional development funds to encourage local companies to be more innovative. We're embracing the sharing economy, from source capital to disruptive services in traditional business practices. This emerging sector's potential is huge for economic growth, innovation and productivity.

That's why we also announced the Business Growth Initiative. This five-year, \$400-million investment will support further scaling up of businesses. The BGI focuses on modernizing business regulations, continuing to lower business costs and helping turn our firms into global industry leaders.

As part of this initiative, we launched the Red Tape Challenge, which includes an online consultation tool to

engage the public and stakeholders about the regulatory challenges that obstruct businesses. People across Ontario will be able to help identify and eliminate regulatory duplication, lessen compliance burdens, shorten response times and make it easier for businesses and citizens to interact with government.

The Red Tape Challenge will focus on six business sectors over the next two years. It has already started with auto parts manufacturing, and then will focus on food processing, financial services, mining, chemical manufacturing, and forestry.

This program will also help deliver on Ontario's commitment through the Business Growth Initiative—an initiative that will help foster an innovative and supportive business environment, as I've said, but develop modern, outcome-focused and evidence-based regulations, while protecting environmental and health standards and enhancing worker safety.

I encourage everyone to have their say to identify and eliminate unnecessary regulatory burdens. We'll make that access even more effective because we want to hear from Ontario businesses on how we can further cut red tape, reduce costs and make it easier to do business, especially so that they will continue to invest more to grow our economy and create jobs for more Ontarians.

We know first-hand that our businesses' greatest need is a skilled workforce. We also need a talented workforce to innovate, compete and succeed. Seven out of 10 new jobs in Canada are in high-skilled or management occupations, and that requires higher education and specialized skills.

To succeed, Ontarians need access to post-secondary education. While our province has one of the highest post-secondary attainment rates in the world, we're taking steps to do even better by making post-secondary education more affordable. This is one of the highlights in our 2016 budget. We're transforming student financial assistance. Ontario is making college and university more accessible and affordable for low- and middle-income students across Ontario through the single largest modernization ever of the Ontario Student Assistance Program.

We also announced in the 2016 budget that the government will create a single, targeted, non-repayable grant, the Ontario Student Grant, starting in the 2017-18 school year. The changes to OSAP will make average tuition free for more than 150,000 eligible low- and middle-income students across the province, and they will reduce the cost for many more by:

- providing the majority of eligible students whose parents earn the median annual income of \$83,300 or less with enough in grants to more than cover their tuition costs;

- eliminating provincial student loan debt for eligible students whose parents earn less than \$50,000; and

- ensuring that no eligible student receives less non-repayable aid through the new grant than they currently do through the 30% Off Ontario Tuition Grant.

Students and families will have the continued benefit that they've had before, and more. We're giving more for

those students most in need. We're taking away the sticker shock to enable more students to recognize that it's not beyond their reach. It is our hope that it will be oversubscribed so that more students can access post-secondary. All students will receive the same level of support, or more, as they do now under the current Ontario Tuition Grant.

Bottom line: We will all enjoy a more educated and productive workforce. In that way, transforming student assistance will benefit our businesses.

Another important issue we must consider and we've talked about: retirement security. We know that many Ontarians are not saving enough, and many don't have a workplace pension to provide a financial cushion in their retirement years.

The Ontario Retirement Pension Plan will help reduce the retirement savings gap. It not only helps Ontarians save more for retirement; it also adds billions of dollars to our economy.

We also heard from businesses that they want more time to prepare for contributions, and we listened. We're moving the contribution date for large companies to 2018 while maintaining the enrolment date as of January 2017. It further provides us more time to work collaboratively with the federal government and the provinces and territories to seek a national solution through the CPP. Either way, we will ensure that by 2020, all eligible Ontario workers will be covered by a comparable workplace plan or by the ORPP.

Ontario's budget 2016 also builds on our recent trade missions to China and India. In her most recent trips to India and China, the Premier and business groups signed more than 100 agreements and MOUs valued at \$2.8 billion. That's expected to create more than 1,800 jobs in Ontario. These agreements not only benefit our economy; they send a clear message that the world is welcome here in Ontario, that we want them to set up and expand their businesses right here in Ontario. In fact, our well-diversified economy has been able to weather economic storms and foster greater growth opportunities than anywhere else.

Fighting climate change is also one more issue that we're facing head-on. We know well that climate change will cost our economy and businesses if we do nothing. It's not a distant threat; it's already costing Ontarians. It's costing by increased insurance rates, higher food costs and more weather-related damage.

The Organisation of Economic Co-operation and Development estimates that global annual GDP will suffer by up to 3.3% by 2060 if climate change is left unchecked. Ontario already took action by moving towards a low-carbon economy a decade ago, when we achieved North America's single largest greenhouse-gas-reducing initiative by closing down our coal-fired power plants. In 2005, we had 53 smog days. After closing our last coal-fired power plant in 2014, the total number of smog days in Ontario was zero—none.

The global economy is moving to fight climate change. The world is heading towards pricing carbon.

This can be a challenge for some businesses. Those who do not act to reduce emissions will be faced with additional costs. But taking early action and providing allowances under our cap-and-trade program can help Ontario businesses overcome this transition and thrive in the new low-carbon landscape.

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The system rewards innovative businesses and households who invest in clean technologies. Following its first auction in 2017, the cap-and-trade program will deliver up to \$1.9 billion a year in proceeds to be invested exclusively in green projects that further reduce emissions.

This is not the only way we're helping companies go green, mind you. We've launched the \$325-million Green Investment Fund to spur investment and innovation in clean-tech solutions and to help provide solutions to large emitters that face barriers in reducing greenhouse gas emissions to become more efficient, setting them up to succeed in the world's new, low-carbon economy. We're helping them get up to speed prior to the introduction of cap-and-trade.

In 2013, our government introduced the largest public infrastructure investment in Ontario's history—\$130 billion over 10 years, and we're making progress on that investment. In fact, our infrastructure program now stands at around \$160 billion over 12 years, which represents the largest investment in public infrastructure in the province's history. This investment will make Ontario more competitive, enabling goods to access markets more quickly and move people more safely. It also stimulates economic growth and creates jobs for today and tomorrow with over 110,000 more jobs on average per year.

A September 2015 report by the Broadbent Institute and the Centre for Spatial Economics showed that, on average, investing a dollar in public infrastructure in Canada raises gross domestic product by \$1.43 in the short term and up to \$3.83 in the long term. And an October 2015 report by the Canadian Centre for Economic Analysis found that the province's 10-year infrastructure plan supports approximately 11% of Ontario's economic growth over the next 30 years. A return of 43% in the short term and over 300% in the long term is a good investment.

As part of our plan, in June 2015, we passed the Infrastructure for Jobs and Prosperity Act, 2015, which will come into force on May 1, 2016. This act will align infrastructure investments with Ontario's economic development priorities through long-term planning while strengthening the province's competitive edge globally. When fully implemented, the legislation will support the evaluation and prioritization of infrastructure investments.

A major component of the act is the requirement that Ontario publish a long-term infrastructure plan within three years. Subsequent plans will be tabled at least once every five years. This plan will describe the province's infrastructure portfolio, outline anticipated needs of the portfolio and propose strategies to meet these needs.

This overall plan for infrastructure includes our Moving Ontario Forward plan. In the 2014 budget, the province announced that nearly \$29 billion would be made available for investment in public transit, transportation and other priority infrastructure projects. A total of \$3.1 billion of this was dedicated funds projected to be provided as part of the government's asset optimization strategy.

In the 2015 budget, our government announced it was moving forward with broadening the ownership of Hydro One as part of the asset optimization strategy and increased its asset optimization target by \$2.6 billion. Investments in Moving Ontario Forward then increased by an equivalent amount, from nearly \$29 billion to \$31.5 billion.

In the fall of 2015, our government moved forward with the first phase in broadening ownership of Hydro One. We're building on our commitment to invest in transit, transportation and other priority infrastructure by continuing to broaden the ownership of Hydro One through a secondary share offering announced just last week. This offering will generate \$1.7 billion with net proceeds to be dedicated to the Trillium Trust as part of the largest investment in infrastructure in the province's history.

Our province also remains on track to generate net revenue gains of \$5.7 billion from asset optimization over time. The net revenue gains from the province's sale of Hydro One common shares will be fully dedicated to the Trillium Trust to help fund infrastructure projects that will create jobs and strengthen the economy.

More specifically, these net revenue gains will help fund priority projects such as GO Transit regional express rail; light rail transit projects in communities across Ontario through the Moving Ontario Forward initiative; and natural gas network expansion in rural and northern communities.

Maximizing the value of provincial assets is part of the government's economic plan to build Ontario up and deliver on its number one priority: to grow the economy and create jobs.

The four-point plan includes investing in talent and skills, including helping more people get and create the jobs of the future by expanding access to high-quality college and university education.

The plan is making the largest investment in public infrastructure in Ontario's history and investing in a low-carbon economy, driven by innovative, high-growth, export-oriented businesses.

The plan is also helping working Ontarians achieve a more secure retirement.

To build Ontario up across the province in a way that is fair, total dedicated funds for Moving Ontario Forward are allocated using census data from Statistics Canada, with about \$15 billion available outside the greater Toronto and Hamilton area and about \$16 billion available within the GTHA. The plan will support the development of an integrated transportation network across the province, manage congestion, connect people and improve the economy and quality of life.

Our infrastructure plan includes investing in child care and education infrastructure as well. Investing in schools is part of the government's plan to build Ontario up. The funding responds to local needs while creating contemporary learning environments for students.

Over 10 years, the province plans to provide more than \$11 billion in capital grants to school boards. These funds will help build new schools in areas of high growth, improve the condition of existing facilities, and invest in projects to reduce surplus space through school consolidations.

Ontario is also investing in child care by creating approximately 4,000 new licensed child care spaces in local schools to give children the opportunity to transition more easily into full-day kindergarten. These new spaces will be built in areas of high demand and will enhance access to quality child care options for families across the province. This investment is another step towards a modern child care and early years system that will enhance programs and supports for children in Ontario.

Our infrastructure plan includes post-secondary education infrastructure too. As I indicated earlier, we're investing in tomorrow's workforce so that we can innovate, compete and succeed. We're committed to developing a sustainable, transparent, student-centred post-secondary sector where students have access to high-quality programs closer to home and where Ontario's investments contribute to building a strong economy.

For example, we announced plans in May 2015 for a new post-secondary campus in Markham for about 4,000 students. This project will be a partnership between York University and Seneca College.

In 2016, Ontario will issue a second targeted call for proposals under the framework to serve the growing demand in Peel and Halton regions. After York, these regions are the fastest-growing areas of the province. This project is part of the province's plan to provide \$3 billion in capital grants to post-secondary institutions over 10 years.

Of course, our plan also includes health and community infrastructure. Health capital projects are part of our government's infrastructure investment plan to improve access to high-quality, reliable, specialized health care services and facilities for Ontarians.

The province plans to provide \$12 billion over 10 years in capital grants to hospitals to continue building essential infrastructure. Health care infrastructure investments help ensure that patients continue to receive high-quality care in a safe and healthy environment.

Across the province, approximately 35 major hospital projects are under construction or in various stages of planning. In addition, the province is providing new annual funding of \$50 million to assist hospitals in maintaining their facilities in good repair.

This investment will build on increases announced in the 2014 budget, to more than triple investments in the Health Infrastructure Renewal Fund from pre-2014 levels.

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We are also investing in community health infrastructure projects to expand local service capacity and address emerging needs in the community. The government has released a redesigned community health capital programs policy that provides for expanded eligibility and a streamlined approval process for community health care infrastructure projects in Ontario.

The province continues to work closely with the special adviser on community hubs to advance the recommendations contained in the recently released report titled *Community Hubs in Ontario: A Strategic Framework and Action Plan*.

The 2016 budget is a progressive plan to grow our economy and create jobs, while effectively managing spending to eliminate the deficit and achieve a balanced budget in 2017-18, and again in 2018-19. Our government is committed to our people and to businesses in moving our economy forward.

To summarize, our plan builds upon four pillars:

(1) fostering a dynamic and competitive business climate that will scale up our home grown companies;

(2) investing in skills and training that prepare our young people with the talent needed for today and tomorrow;

(3) investing in strategic infrastructure that stimulates economic performance; and

(4) promoting a fair society that supports improved health care through the transformation of quality public services and protects retirement security.

All this work that we do in the Legislature—in opposition, in our debates, in our committees, in our consultations—ensures that our province is able to compete, win and succeed. We have taken many measures to put forward very progressive plans, while being very prudent in our fiscal plans, recognizing how important it is to ensure we come to balance to enable us to afford the things that matter, so that we have what it takes to build a bright future, where communities all across Ontario benefit—some more than others at this point. We want to put everybody at their best, where people can have greater access and where people can thrive.

I appreciate the efforts and the work done by all of you, enabling us to do that, because after all, it can only be done when we work together. It can only be done when we ensure that the bills we put forward are reviewed, are assessed, are discussed, are debated, and are improved for the benefit of the people of Ontario.

I recognize that we have a lot of initiatives that we brought forward in the 2013 budget, 2014 budget, 2015 budget, and now in 2016. We're providing retirement security for those who don't have a workplace pension. We're ensuring that we engage and embrace the low-carbon economy so that we can protect the very industries that are being affected in Ontario, and so they can compete even more effectively around the world.

We recognize that a diversified economy is critical to our success. It is why we're broadening the base by supporting not only our primary industries in mining,

forestry and traditional manufacturing; we're embracing as well advanced manufacturing, the innovation hubs, and the financial technology initiatives. Ontario leads in this realm. Ontario has a strong reputation around the world for doing these very things. As I said, it's no surprise that more companies are investing in Ontario because of it.

We have what's even more important, and that is our talent. It is our skills and training. It is the attraction that many foreign students look to Ontario for the high level of quality education that we have. It is why many businesses invest in Ontario: because of universal health care, public education and the people—people who are trained effectively to do the very businesses that they are promoting. Ontario is attracting and competing in all those cases.

Once again, I am pleased to have this opportunity to be before the committee. Madam Chair, I turn it back to you.

The Chair (Ms. Cheri DiNovo): You still have a couple of minutes, Minister, if you would like to continue to wax eloquent.

Hon. Charles Sousa: I think Vic Fedeli is just hungry to ask more questions.

The Chair (Ms. Cheri DiNovo): Okay. We will move on.

Mr. Fedeli, you have 20 minutes.

Mr. Victor Fedeli: Thank you very much, Chair. Much appreciated.

Minister, I just want to review, very quickly, what we talked about yesterday about the fire sale of Hydro One, and then I have a specific question to ask you.

Back in the 2014 budget, you first announced the \$130-billion infrastructure program. At the time, it relied on a small amount of asset sales in addition to the General Motors shares of \$1.1 billion.

In the 2015 budget, the \$130-billion infrastructure program was reintroduced almost verbatim, except this time it needed the sale of Hydro One shares to make that \$130 billion come true. You took the asset sales of \$3.1 billion and brought them up to \$5.7 billion. It's the same \$130 billion, but this time you've got those additional funds.

Then we get to the 2016 budget, which confirms that you use that Hydro One revenue in general revenue, which has reduced the deficit. You are directed to take the sale of Hydro One money and put it into the Trillium Trust. That's understood.

You brought out a bill, Bill 144—in November, was it? November 18. It authorizes the expenditures for the Trillium Trust. It says here on page 162, under "Authorized expenditures," that you can fund "costs relating to the construction or acquisition of infrastructure." That's what you told us it would be for; you told us you would sell hydro and buy infrastructure.

The very next line is the one that gives you the opportunity to drastically change your method. It says, under "Authorized expenditures," that you can reimburse the crown for costs relating to construction or acquisition of infrastructure.

So, basically, you have announced infrastructure funds, you have sold an asset to ostensibly pay for them, you've put the money in to pay for them, and then you take the money that was already budgeted and move it around and attempt to balance the budget. That's what we've seen you do here. That's understood, now, by virtually everyone in Ontario.

Can you state unequivocally that not one dollar from the sale of Hydro One will help balance the budget?

Hon. Charles Sousa: Let's go through your line of thinking. In 2014, we introduced a budget that indicated that we would look at asset optimizations to be reinvested into infrastructure so that we can continue to do our work. We cited \$130 billion over that period of 10 years, plus we dedicated \$29 billion of that to public transit and Moving Ontario Forward in the respective regions.

A year goes by, and we get re-elected running on that platform to optimize our assets, which we highlighted very clearly in our platform. The next budget comes out. We indicated which of those assets we had more certainty about in terms of where we would proceed, and highlighted the fact that Hydro One would be one of them. As we did that, we increased our commitment to Moving Ontario Forward from \$29 billion to \$31.5 billion and cited the fact that we would now be investing more than \$130 billion over the next 10 years. You have to remember that we have just moved a year. In the previous year, about \$11 billion were probably already invested into infrastructure; now you have a rolling-over of the next 10 years. So that part was taken.

Then we moved on to the next budget, highlighting the fact that not only did we exceed our deficit targets without asset optimization, but we have now gained even more value from the work that we did, with the net proceeds dedicated to the Trillium Trust, going forward. We cited the fact that we estimate that, of the about \$9 billion over that period of time from the repurposing of the sale of the shares of Hydro One, \$5 billion will be dedicated to repaying debt; the other \$4 billion would be dedicated into the Trillium Trust. Additional monies will be invested into the Trillium Trust—being the GM shares, as already cited by the member, as well as other opportunities that we've cited in the budget of 2016 that will also be used.

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Mr. Victor Fedeli: So the question was, can you state unequivocally that not one dollar from the sale of Hydro One will help balance the budget? I'm just looking for that answer.

Hon. Charles Sousa: The government is not relying on the asset sales to meet the commitments to balance our books. We have a \$130-billion budget. We are looking at the repurposing of assets to reinvest in new infrastructure and new assets.

Mr. Victor Fedeli: As I mentioned, in Bill 144, you put the loophole in there. There are many loopholes in the Trillium Trust Act, where you may put a portion of the proceeds, even though we brought amendments trying to get you to change that to "we must put all of the

money”—that was one of the loopholes. But the biggest loophole was the one I read in Bill 144, where you can reimburse the government.

My question to you is, can you state unequivocally that your deficit reductions this year did not use a single dollar from the sale of Hydro One?

Hon. Charles Sousa: You're talking about the Trillium Trust, which has been put in place to take all of the net proceeds of those assets, to be dedicated to their reinvestment into new assets. We've made it very clear that those net proceeds, after we pay down debt, would be invested into the Trillium Trust. That will continue.

Mr. Victor Fedeli: Chair, my question, again: Can you state unequivocally that your deficit reductions this year that you announced did not use a single dollar from the sale of Hydro One?

Hon. Charles Sousa: I can state that government of Ontario is not relying on the repurposing of assets to pay down the deficit. We are relying on many factors to reduce our deficit: growing the economy, managing our spending and ensuring that we go after the underground economy. The steps that we have taken have actually surpassed our targets, regardless of asset sales.

Mr. Victor Fedeli: Well, that's not quite what the experts are saying. In fact, I'm referring to some of the experts who are sitting in this room.

On page 100 of your fall economic statement, you say that “the province's total revenue projection for 2015-16 of \$125.6 billion is \$1.2 billion higher than the 2015 budget forecast. This increase largely reflects the government's progress on its asset optimization strategy related to the recent Hydro One initial public offering....”

In fact, back on page 99, you list over \$1 billion of that \$125.6 billion coming from the sale of Hydro One. How can you tell us that you didn't use or are not using any of the revenue from Hydro One when, on page 101, under “Other Non-Tax Revenue Changes,” you've got \$1 billion added there, which helped balance your deficit? How does that happen?

Hon. Charles Sousa: Madam Chair, we put forward our numbers illustrating what has transpired, and I'm telling you that we're not relying on assets to balance the books; we're relying on assets to be reinvested into areas where we can generate more income and borrow less as a result.

In the meantime, we are growing our revenue, we are growing our GDP, we are controlling our net debt-to-GDP and, as a result, we're surpassing all those expectations.

Mr. Victor Fedeli: I'm looking for a specific answer. The minister is saying one thing, but his own ministry is saying another. Maybe I'll read from the Financial Accountability Officer. Maybe that's the one that will make this work.

When the Financial Accountability Officer submitted, at the end of October/early November, An Assessment of the Financial Impact of the Partial Sale of Hydro One, he opened with, “The initial 15% sale of Hydro One would significantly reduce the province's deficit in 2015-16.”

Your book tells us that's what you did and the Financial Accountability Officer tells us that's what you did. How can you say that's not what you did? I don't understand how you come up with that number.

Hon. Charles Sousa: I think that's the issue. It seems to me that you don't understand, because we've specifically highlighted the trail of receipts and where we are reinvesting. That's evident for all to see. The Financial Accountability Officer also cited the sensitivities of the transaction that may occur, and you always cite the low end of his sensitivities, but the fact of the matter is, we've exceeded even that result, all of which will be reinvested into the Trillium Trust to build new assets.

Mr. Victor Fedeli: Hang on. No, no, no. Look, it's either you or the Financial Accountability Officer who is correct. So he's telling us here that the “sale of Hydro One would significantly reduce the province's deficit in 2015-16.” Then your own document says, “This increase largely reflects the government's progress on its asset optimization strategy,” and you show here that you've booked \$1.09 billion in other non-tax revenue—the sale of Hydro One.

How can you tell us that you're not relying on the sale of Hydro One to lower your deficit? We've gone through your own documents that outline how you did it. That's well understood now by virtually everybody who's writing about this. How can you sit there and tell us that's not what you're doing when we know that to be true?

Hon. Charles Sousa: Madam Chair, what we are relying on is the investments we make to grow the economy. We have a \$130-billion budget growing to \$135 billion, of which assets are not the issue of repayment. It's the issue of lessening our obligations on debt, to be reinvested, and, frankly, repurposing an asset that we feel can be better managed and enhanced. That's exactly what has happened.

We're taking assets that are unproductive, some real estate that could be used better, as well as passive shares like GM, and we put them into the Trillium Trust. We're going to continue putting more into that, which are the net proceeds of any gains that we have—which is what the member opposite is discussing—and reinvesting it. The accounting of all of that is very well illustrated and shown.

What's also interesting is that he referenced the Trillium Trust and a number of initiatives that we put forward, and yet the very things that we've tried to put in place to substantiate a strong document and the amendments in the 144 that clarify our commitment to the Trillium Trust, he voted against.

Mr. Victor Fedeli: Well, of course I did.

Hon. Charles Sousa: You can't do both. What we are doing is ensuring that we have transparency and accountability in the funds.

Mr. Victor Fedeli: Well, I still didn't get an answer.

Hon. Charles Sousa: As I said earlier, C. D. Howe Institute has very clearly illustrated that it's been transparent and prudent, and that we have been forthcoming in all the work we've done.

Mr. Victor Fedeli: I'm not getting an answer to my question.

The Chair (Ms. Cheri DiNovo): Mr. Fedeli.

Mr. Victor Fedeli: I was looking for an answer to that question and the question before. I've asked it several times now and I've not gotten an answer yet. Let me restate in a different way, and ask yet a different question of a similar nature.

Quite simply: The deficit is getting smaller because of the sale of proceeds from Hydro One. In your own fall economic statement, you booked \$1.9 billion into revenue from the Hydro One sale. In fact, as I mentioned earlier, page 100 reads, "this increase is due to the asset optimization strategy." It tells you, it tells the public and it tells everybody reading it that the number is lower because you booked a billion dollars from the sale of Hydro One. Will you admit that you're using money from the Hydro One sale to balance the budget?

Hon. Charles Sousa: Well, I thank you for the question, because what you're asking about is our path to balance and what it is that we're doing to achieve that.

Mr. Victor Fedeli: I'm asking about the Hydro One—

Hon. Charles Sousa: Yes, you are, and I'm telling you what we are relying on. We're responsibly managing our spending—

Mr. Victor Fedeli: Chair, that's not what I'm looking for.

Hon. Charles Sousa: We are controlling our spending in order to come to balance. We're transforming and modernizing government to enable us to get the services—

Mr. Victor Fedeli: Chair, that's not the question I asked. I'd like to—

Hon. Charles Sousa: No, you asked, "How are you eliminating the deficit?"

Mr. Victor Fedeli: If he's not going to answer the question, I'm not going to let him carry on.

Hon. Charles Sousa: Madam Chair, he asked me how I'm eliminating the deficit. I'm telling—

Mr. Victor Fedeli: No, I asked you if you're using money from Hydro One.

The Chair (Ms. Cheri DiNovo): One at a time, please. You asked a question; the minister is answering. You asked another question; the minister is answering. You may not get the answers you want. He's filling up your airtime and we now have five minutes left.

1700

Mr. Victor Fedeli: But, Chair, I'm asking a very specific question and he wants to talk about some other fluff. I'm not interested in the fluff side. I've asked a very specific question. If he's not going to answer that question, I'd like to move on to other questions and not have him chew up the time.

The Chair (Ms. Cheri DiNovo): And that is always your option, Mr. Fedeli.

Continue.

Hon. Charles Sousa: I'd like to answer the question. Our path to balance includes a number of factors. We do not rely on the repurposing of our assets to do so. We rely

on ensuring that we manage effectively by controlling our spending and finding savings. We're modernizing and transforming the way we do government to provide for greater value. We're looking at the underground economy and tax compliance measures, which gave us a billion dollars more last year, and we're investing strategically to grow the economy. Those have resulted in a balanced path, as well as increasing our revenues through the growth of our economy.

Mr. Victor Fedeli: Chair?

The Chair (Ms. Cheri DiNovo): I would ask the minister to wrap up.

Mr. Fedeli, your next question.

Mr. Victor Fedeli: Well, again, that is not what the Financial Accountability Officer told the Legislature. He told us in his opening page, under "Essential Points," that "the province's net debt would initially be reduced, but will eventually be higher than it would have been without the sale."

What the Financial Accountability Officer has told the people of Ontario is that they are artificially lowering the deficit by using the sale of Hydro One. He said that earlier: "The ... sale of Hydro One would significantly reduce the province's deficit" for 2015. If the Financial Accountability Officer can tell us that, I don't know why the minister can't. He has also said that the net debt would be initially reduced, but will be higher. He said that the long-term negative impact will be on the province because of this.

So if the minister won't answer the question that I've asked several times, maybe he'll answer this one: Can you please provide to the committee evidence—including a thorough breakdown of revenues and expenses—that you could balance the budget by 2017-18 without revenue from the sale of Hydro One? That's the question that I have.

Hon. Charles Sousa: Madam Chair, we indicated in our 2016 budget our path to balance, as well as our net debt-to-GDP ratio that would be peaking at this point and then tapering down because of the efforts that we've made.

The member has just spoken about forgone revenue, which he knows all too well about, because they never took that into consideration when they sold 100% of one of our most valuable assets, which was the 407. We have not done that in this—

Mr. Victor Fedeli: Chair, I've asked for a thorough breakdown. Can I ask on the record?

The Chair (Ms. Cheri DiNovo): Stop for a second. Mr. Fedeli has asked a question. I would ask the minister to address the question. He asked for specific information.

Hon. Charles Sousa: Yes, Madam Chair. The question is our net-debt-to-GDP ratio or our ability to achieve it and taper it down, which we said we have. We have broken down the elements of how we're achieving that in the 2016 budget.

Mr. Victor Fedeli: No, I'm asking for a thorough breakdown. I'd like him to be able to either provide it here now or have it sent to the Clerk.

The Chair (Ms. Cheri DiNovo): Just to let you know, Mr. Fedeli, you have under two minutes.

Mr. Victor Fedeli: Yes. So I'm asking the—

The Chair (Ms. Cheri DiNovo): Will the minister provide this information?

Hon. Charles Sousa: I can provide the member that—our growth and our GDP, which is what's enabling us to have improved net debt to GDP—

Mr. Victor Fedeli: No, no. Let me repeat the question, because he obviously hasn't understood the question.

The Chair (Ms. Cheri DiNovo): You have time just to repeat the question.

Mr. Victor Fedeli: Can you please provide to this committee—in writing, submitted to the committee—the evidence, including a thorough breakdown of revenues and expenses, that you could balance the budget by 2017-18 without revenue from the sale of Hydro One? That's what we're asking be submitted to the committee.

Hon. Charles Sousa: Madam Chair, the numbers are there to be seen. We have it in the 2016 budget. It will come out in the public accounts in short order as well. We've clearly laid out—

Mr. Victor Fedeli: That's the fall. Public accounts are in September. I'm asking for it now, Chair.

The Chair (Ms. Cheri DiNovo): Okay. What I've directed is that research will attempt to find that information and provide it to the member.

Interjection.

The Chair (Ms. Cheri DiNovo): To rephrase: Research is keeping track of the questions. It is up to the ministry to provide the information to the member.

Mr. Victor Fedeli: Yes.

The Chair (Ms. Cheri DiNovo): You've got 30 seconds, Mr. Fedeli.

Mr. Victor Fedeli: Well, it's obvious that I'm not going to get any questions about Hydro One answered. It's obvious that we've touched a point—obviously, we're going to rely on the Financial Accountability Officer. He was forthcoming with the fact that, indeed, Hydro One will reduce the province's deficit. So at least we have the answer from the officer. I was hoping to have the answer from the government. I would have thought when the minister, in his opening—

The Chair (Ms. Cheri DiNovo): Your time is up, I'm afraid. Thank you, Mr. Fedeli.

We now move to Ms. French. You have 20 minutes.

Ms. Jennifer K. French: I'm going to shift us back into a pension direction—

Hon. Charles Sousa: Fair enough.

Ms. Jennifer K. French: —as much as I would like to get answers for you, Mr. Fedeli.

I had already asked this question, but I'd like to revisit it briefly, just so that I'm clear on the answer regarding FSCO making public its solvency watch list. The answer I was given is that they do not, and my takeaway was that they will not. But my question had been, will the minister commit to making the solvency watch list public?

Interjections.

Hon. Charles Sousa: I'll see if I can provide that, because there are issues of privacy that have to be adhered to. I recognize where you're coming from. We monitor it. That's why FSCO exists, to ensure they protect the interests of the beneficiaries and the plan holders, but we have to touch base with the plan holders before we can make their issues public to others.

Ms. Jennifer K. French: Okay, I appreciate that.

Also—again, I had rushed through this; I forgot that I had 20 more minutes. So back to the rise in underfunding: The Auditor General had recommended FSCO conduct an analysis of the reasons for the increase, the potential for plans to recover based on a variety of economic scenarios, and the financial exposure to Ontario should the underfunding situation not improve in the next few years. When I asked, "Has the recommended analysis been completed," you said that you're currently working on it, and it's my understanding that we can expect that by September.

Mr. Brian Mills: We'll be producing that report by September of this year.

Ms. Jennifer K. French: Okay, thank you. In terms of sustainability of the Pension Benefits Guarantee Fund, according to the 2014 Auditor General report, the financial risk exposure of the Pension Benefits Guarantee Fund has increased significantly since the 2008 global recession. In 2008, there was a cumulative \$6.6-billion solvency deficiency for 2,258 pension plans covered by the PBGF. As of March 2014, the deficiency had increased by more than 400% to almost \$28.9 billion, covering only 1,834 plans.

Can the minister provide the committee with updated numbers?

Hon. Charles Sousa: I think the PBGF is now funded. But Leah, do you want to—thank you.

Mr. Brian Mills: The last public financial statements had the assets in the PBGF at \$541 million and it was in surplus to the tune of \$371 million. That's the current status of the PBGF.

Ms. Jennifer K. French: Okay. I had touched on this question and I think confused us all, but on the limited powers of the superintendent of FSCO: The superintendent has no power to appoint a new administrator to a pension plan even when the plan administrator has not met its obligations, unless the plan is being wound up. In comparison, the federal Office of the Superintendent of Financial Institutions has a number of discretionary powers to address specific pension plan solvency issues. Their objective is to intervene as early as possible to minimize problems before they escalate and to reduce the risk of loss to pension plan members.

OSFI has developed a five-stage rating system—which I referred to earlier but didn't have a chance to expand on—which determines the level of intervention required. So it has its stage zero: no significant problems and ongoing monitoring of the plan continues. I will spare us all of the steps but straight through until stage 4, which is permanent insolvency: OSFI facilitates the windup of the plan.

Are there plans to mirror the federal practice? Will FSCO follow suit?

Mr. Scott Thompson: One of the things that's under way now that we reference in the budget is a mandate review of FSCO. We're looking at all aspects of FSCO, the agency, how it's managed, how it's organized and the powers of the superintendent and others. Part of that would be contrasting to other similar bodies. That's not complete yet, but that will be something that we will hopefully be speaking about publicly soon.

Ms. Jennifer K. French: So is the mandate review under way, upcoming, ongoing or completed? Sorry, just so I'm clear on dates.

Hon. Charles Sousa: It has been under way for some time now. It does include other agencies as well as FSCO. We anticipate having a report made public shortly. 1710

Ms. Jennifer K. French: What does "shortly" mean to the government?

Hon. Charles Sousa: It means soon.

Ms. Jennifer K. French: Which begs the question, what does "soon" mean to the government? Okay.

Has the December 2010 amendment to the Pension Benefits Act, that authorizes the superintendent to terminate a plan administrator and either appoint a new one or allow the superintendent to act as the plan administrator, been proclaimed by the Lieutenant Governor yet?

Hon. Charles Sousa: Go ahead. Introduce yourself.

Ms. Leah Myers: I'm Leah Myers. I'm the assistant deputy minister for income security and pension policy at the Ministry of Finance.

No, that hasn't been done as yet. It is certainly on our—

Ms. Jennifer K. French: Is that in the hopper?

Ms. Leah Myers: Yes, it's on our to-do list.

Ms. Jennifer K. French: And will that be done shortly or soon?

Ms. Leah Myers: It's among the many regulatory amendments that came out of the 2010 reforms and it is on our list. It's not actively under way, but it is something that we would be consulting on and posting a description of the necessary regulations that would allow that section of the act to be proclaimed. It's not forthcoming, but it is on our list.

I would also add that, given the broader look at FSCO in the context of the mandate review that the deputy minister spoke about, the timing of that type of change along with any other changes that might come out of the mandate review will want to be coordinated on that whole piece.

Ms. Jennifer K. French: Okay. Has the government established a regulation that prescribes the circumstances when the superintendent can terminate a plan administrator? If so, what are the preconditions? If not, why not? I'm sure I'm going to hear more about the mandate review.

Ms. Leah Myers: It's in that same bundle of superintendent powers. There are a number of regulations that fall in that same category which we have not yet ad-

ressed. We haven't addressed it most recently because of the work going on with the mandate review and whether or not we want to go even beyond those regulations to the kinds of reforms that you're talking about with respect to the powers that OSFI and potentially other jurisdictions might have.

Ms. Jennifer K. French: Thank you.

Moving on to assessment of funding status, periodic actuarial evaluations determine whether a plan has sufficient assets to fund its expected pension liability obligation to its members. Under the Ontario Pension Benefits Act, plan administrators of defined-benefit pension plans must file actuarial evaluation reports every three years if their plan does not have a solvency concern, or annually if the solvency ratio is lower.

FSCO does not have the power to order an interim actuarial evaluation of a pension plan. On the other hand, though, federal pension legislation requires more frequent filing of actuarial evaluation reports. Plans funded at less than 120%, which is a significantly higher threshold than the 85% in Ontario, are required to file every year, as opposed to every three years. This allows for more accurate and timely reporting on the funding status of pension plans.

I'm sure we'll talk more about the mandate review, but are there plans to raise the filing requirements to mirror this federal practice?

Ms. Leah Myers: I actually wanted to pick up on the reference that the deputy minister made to the review that we're doing of solvency funding rules.

For defined-benefit plans in Ontario, there was a reference made to that in the fall economic statement in 2015 and elaborated upon in this year's budget around the appointment of David Marshall to look at the solvency funding rules for defined-benefit plans. There are a lot of changes going on in other jurisdictions. We thought it was timely to look at the basis on which defined-benefit plans are funded and whether or not the current regime of solvency funding and the way that we do it now in the associated filings, monitoring and steps that can be taken are appropriate. That's under way right now.

As an initial step, we hope to be releasing a consultation paper this spring that will ask some questions around the current regime and elicit proposals for change. We're not contemplating anything outside of that, because the question of filings and how often and under what circumstances will depend on, sort of, the robustness of the solvency funding framework. That's what we're actually looking at now.

Ms. Jennifer K. French: As the Auditor General has put forward, "FSCO now carries out detailed reviews of only a small number of actuarial reports each year on a sample basis. FSCO no longer formally tracks the number of reviews it performs every year, and does not report internally or externally the results of these reviews." However, conversely, the federal Office of the Superintendent of Financial Institutions "publicly reports the number of detailed actuarial valuation reviews completed yearly, as well as their observations from the reviews."

Same question: Are there plans to mirror the federal practice?

Mr. Brian Mills: Let me speak to this. There were a number of recommendations that the Auditor General made with respect to our examination process. We have implemented some of those. We're still in the process of implementing several others. That is the process we're following.

The details of what we were going to do were outlined in the documents we filed with the Standing Committee on Public Accounts. Those were the action steps, and there were deadlines associated with each of those. We are in progress, and we have done a lot of the activities that the Auditor General recommended we look at.

Ms. Jennifer K. French: Well, that's a step in the right direction.

Non-compliance with statutory filing requirements: "The Pension Benefits Act requires pension plan administrators to regularly file with FSCO key information on the plan, including its funding status, sponsor contributions, investment returns and activities, and member pension obligations." Again, according to the Auditor General, "to effectively monitor pension plans, FSCO must ensure it receives statutory filings on a timely basis, or take action when they are not received." So, "as of May 2014, 1,384 pension plan administrators had not submitted one or more statutory filings on their due dates and were past due for over one year." Can the minister provide us with the latest figures, please?

Hon. Charles Sousa: We're dealing with a bunch of them now. Go ahead.

Mr. Brian Mills: I can update you on that. When the auditor's report was filed in December 2014, we had already cleared the backlog with respect to those filings. All of the filings are now required to be filed—filed—

Ms. Jennifer K. French: Filed. Got it. Nobody's getting fired.

Mr. Brian Mills: —electronically now. We have over a 99% compliance rate from the 7,000 pension plans in Ontario.

Ms. Jennifer K. French: When did the change to digital filing happen?

Mr. Brian Mills: We've been implementing online filing for the last four years. It's mandatory that all pension plans register with that portal and file electronically.

Ms. Jennifer K. French: You're saying that you have a 99%—

Mr. Brian Mills: Yes. If we look across, there are numerous statutory filings. I think they have six, plus an additional one that was added this year, which is the statement of investment policies and procedures. That is a new filing that is a requirement this year, so that will be added to the list. In those six compliances, we have rates that are anywhere from 98% to 99%, which is way better than a couple of years ago when the auditor—

Ms. Jennifer K. French: I was going to say. I'm going to take us back to May, then, and you can sort of bring us forward on a few other points.

As of May 2014, FSCO had taken action on 1,384 that had not submitted one or more statutory filings. You had taken action on only 13% of those cases or 176 plans. The action taken was limited, at that point, to sending a letter to the plan administrator requesting compliance with filing requirements. At that time, no action was taken on 1,208 plans, including 127 plans that had pension assets of more than \$1 million.

Can the minister tell us the percentage of cases FSCO has taken action on to date?

Mr. Brian Mills: By the fall, we had cleared the backlog. That means they had all filed their outstanding forms.

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Ms. Jennifer K. French: By the fall in 2014?

Mr. Brian Mills: In 2014. So, from that time forward, we've basically been keeping current. I'm sure we're still sending out letters to those who are non-compliant. Ultimately, one of the recommendations that's part of the package that Leah was just talking about is to institute administrative monetary penalties. Instead of going through the Provincial Offences Act, which is very time-consuming, we would levy administrative monetary penalties associated with any late filing, therefore taking that 99% to 100%.

Ms. Jennifer K. French: Okay. How am I for time?

The Chair (Ms. Cheri DiNovo): You've got just under five minutes.

Ms. Jennifer K. French: Okay. Well, I think you've already touched on this, but I'll get it on record and you can answer it anyway.

As the Auditor General had recommended or had pointed out, FSCO doesn't penalize administrators who file persistently late. FSCO has had the power to impose administrative monetary penalties, or AMPs, like you just referred to, in the mortgage sector since 2008 but not on pension plan administrators.

Back in 2013-14, for example, there was a 95% compliance rate by mortgage brokers for submitting statutory filings. In 2010, FSCO recommended to the Ministry of Finance that it be granted the authority to issue AMPs in the pension sector.

Minister, has the Pension Benefits Act been changed to allow FSCO to impose AMPs in the pension sector?

Hon. Charles Sousa: Leah.

Ms. Leah Myers: The answer is no, it hasn't been changed, but that issue of administrative monetary penalties is being looked at in the context of the mandate review. You're absolutely right. It is an authority that FSCO has in those other areas, and we know that in other jurisdictions pension regulators have that type of power. So we would expect that that may well be among the mandate review recommendations that we would be acting on.

Ms. Jennifer K. French: Okay. Should I ask about hydro?

Mr. Victor Fedeli: Good luck with that.

Ms. Jennifer K. French: What was the question exactly?

Mr. Victor Fedeli: I only asked it 11 times.

Ms. Jennifer K. French: I know. Would you like to tell us about the announcement you're making tomorrow morning?

Hon. Mitzie Hunter: Sure. We are ensuring that we provide information and updates as it relates to the Ontario Retirement Pension Plan. As you are aware, it's a priority for us. We've committed to ensuring that we introduce legislation that will form the basis of the plan, and we want to ensure that we provide that update.

Tomorrow's announcement is our opportunity to get this information out, ensuring that businesses and Ontarians have the information they need in advance. That's the opportunity we have to talk about the ORPP and the details of the plan and its benefits as well, ensuring that people are aware that this is about providing a predictable stream of income for life and our commitments that we're making to the ORPP.

Minister?

Hon. Charles Sousa: Yes. Stay tuned.

Hon. Mitzie Hunter: Yes.

Ms. Jennifer K. French: Okay. Back to the ORPP then while I still have a couple of minutes and I'm feeling inspired.

The Chair (Ms. Cheri DiNovo): You have a minute.

Ms. Jennifer K. French: I will fit it in there. Back in January, you said Ontarians can't wait any longer for increased retirement security, but less than a month later we seem to think that Ontarians can wait because we've talked about the phase-in beginning in January 2018.

For the record, these aren't small businesses or mom-and-pop shops that the ORPP is being delayed for; instead, it's the largest corporations in our province. So they lobbied pretty hard. Why has your government put the interest of big corporations ahead of the interest of Ontarians?

Hon. Mitzie Hunter: What we said in our announcement earlier this year was that we want to make sure that businesses have time to plan for the proper and efficient implementation. We had entities, like the Canadian Payroll Association, that work with corporations in terms of their readiness in terms of their systems, that asked—

The Chair (Ms. Cheri DiNovo): Associate Minister, I'm afraid that your time is up. Thank you very much.

We're going to move to the government side, but before we do, I just want to make a point. There was a question asked of the Chair about filming and photography. Everything you say, of course, is in Hansard, and you are being filmed and anyone can watch that. But the rules of the House apply to committees, so guests, ministry staff and others who are sitting here are not allowed to take photographs or to film. I'd ask that that be respected.

Now we move to the government side. Mr. Baker, you have 20 minutes.

Mr. Yvan Baker: Before I get into my question, did you want to finish what you were saying in response to Ms. French, Minister Hunter?

Hon. Mitzie Hunter: Yes, absolutely. Thank you so much.

I really do want to say, with regard to the launch of the ORPP, that we are very committed to begin enrolment of employers in that plan on January 1, 2017. In fact, by the end of this year, we will be ensuring a verification process for all employers in Ontario. Contributions will begin on January 1, 2018—those will be the larger corporations as well as medium-sized corporations. We've maintained our commitment to small businesses, who have definitely asked for the most amount of time to prepare—January 1, 2019.

Also, those employers that have a pension plan that may not have been seen as comparable will have until January 2020 to either adjust their plans or enrol in the ORPP. We also will be ensuring that this is a gradual enrolment at all stages. Contribution rate will be phased in as well, starting at 0.8% and increasing each year until it reaches 1.9% each.

We are ensuring that we listen to businesses and to Ontarians as we move forward with implementation of the ORPP, so that we maintain the commitment of having all workers in Ontario part of the ORPP or a comparable plan for 2020.

Hon. Charles Sousa: If I may add, it's giving us the additional opportunity to work with the federal government to find options and opportunities to make it more efficient and less expensive. That's part of the reason we also provided for the opportunity to delay not the enrolment but just the collection for those large companies.

Mr. Yvan Baker: That's good to hear.

Minister Sousa, my first question is for you. One of the things I've been proud to work on with you, as a member of Treasury Board, and the members here on this side is our fiscal plans; specifically, on balancing the budget by 2017-18, which we've committed to several times as a government.

Many members of the opposition, including Mr. Fedeli today, have criticized the fiscal plan. They've also suggested that we'll be unable to balance by 2017-18. Can you comment on these criticisms and concerns, and how our government is achieving our fiscal targets?

Hon. Charles Sousa: As I have indicated a number of times, part of it is the growth of our economy. The investments we've made to generate greater opportunities, greater growth and greater revenues through more companies investing, more people working and enabling greater trade: That has increased growth.

In fact, Ontario is one of the leading jurisdictions in Canada, and frankly in North America, around that area since the recession. Over 600,000 net new jobs have come our way because of these initiatives. Even though growth has not been at the pace we had anticipated, we've recalibrated our spending to enable us to exceed our targets and reduce our deficits beyond what was anticipated. In fact, our accumulated deficit is about \$40 billion or \$50 billion less than we anticipated at this point in time because of some of those efforts.

The important thing is to ensure that we continue to generate and maintain great discipline in our spending. So part of our review is to go line by line to ensure, as Treasury Board does, that we find savings in the system, repurpose the way we do things to have more value for money and ensure that we get better benefit from those services without sacrificing the things that are important, like health care, education and social programs. It's a very progressive plan that we've put in place because we've provided increases on those very issues.

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But we've also found tremendous savings. On a per capita basis, Ontario is now the lowest per capita government in Canada. We do so to ensure that we find more opportunity to invest in those things that matter.

It should also be noted that Ontario, on a per capita basis, is one of the lower per capita jurisdictions in revenue. When you look at other provinces, they have higher taxes and in some respects they have more revenue per usage of user fees, but they also have higher spending. In some cases, they have higher debt on a debt-to-GDP ratio.

One of the things we measure very clearly is our debt to GDP. We've peaked lower than anticipated, at 40%, and it's tapering down. That is helping us ensure that we continue to have the receipts necessary to provide and control our deficit. Managing our spending responsibly is essential. We're at around 1.8% on average. Transforming government and modernizing government is part of that plan.

Another one is ensuring that we go after tax-avoidance measures and the underground economy. As I stated earlier, that's about almost \$900 million last year that we were able to achieve through those efforts, working closely with the CRA. Ontario has invested in those programs. It hasn't been the CRA. We've taken the lead to enable them to find ways to continue to collect and avoid some of those tax compliance issues.

We've been very careful about investing strategically in our economy as well, broadening the diversification of our economy. Those sectors have been growing more quickly than anticipated, especially around innovation and improved productivity in some of those firms, which we know is essential to our overall ability to compete. It's something that we've cited in all of the budgets that I've had the privilege of delivering, using David Dodge, in fact, as part of the author of those respective chapters in terms of citing the productivity gap that exists and how do we improve upon it.

David Dodge came forward with a number of recommendations to find some of the savings in the system, and we've implemented close to 90% of them. He himself has been on the record saying that he is astounded that the province of Ontario has overachieved, even on his recommendations in certain areas.

Interjection.

Hon. Charles Sousa: This is Don Drummond. Yes, I'm sorry.

Again, we've taken the steps necessary to find ways to improve overall spending.

But it is about improving our revenues. It is about improving our growth and our economy. Some \$130 billion in overall revenues that the province of Ontario generates represents well over 40% of Canada. It is essential that we continue to make that growth. They look to Ontario to show some leadership in that regard.

I can cite the fact that I take some degree of pride—as we all should as a province—that not only is our debt-to-GDP ratio peaking and now coming down, but our interest on debt is another number that is often cited, and rightly so, to ensure that we have that measure controlled.

Because Ontario has been able to lock in some of the plans over a longer period of time, we now have an interest on debt of about 8.9%, which is the lowest it's been since—well, lower than the Conservatives when they were at 15%; lower than the NDP when they were hovering around 12% and 13%.

Part of this, of course, is that the environment of interest is lower today than it was back then, but it's also because we've locked in some of those rates with long terms of maturity, minimizing the volatility. We have been able to access over \$200 million just last year in savings in interest on debt as a result.

The accumulated deficit is also another number to watch, as it relates to GDP. Ontario is now at around 25.9% accumulated deficit to GDP. It measures our program spending as it relates to GDP. That number is the same as it was in 2003, referencing the fact that our accumulated deficit, which all governments have had in the past, has not been that substantive when we relate it to the GDP.

Our overall debt accumulation that we've used to invest in infrastructure to stimulate the economy, as we do with counter-cyclical fiscal policy, has achieved a net debt-to-GDP ratio that is higher but is still acceptable, and it's now going down.

We have about 2.5% growth in GDP in 2015. It's around 2.2% in 2016. It's estimated to be about 2.4% in 2017 and, again, that is leading the way in Canada. Our deficit is going to be around \$4.3 billion. But it's important to note something that the members of the opposition, especially one who cites the contingency fund as something that we use to balance the books—obviously, it's misunderstood by the critic because we are building prudence into the system. We do that year over year. In fact, the federal government reduced that number substantively to show a balanced budget, and they didn't do that.

We, of course, maintain a very high ratio. Our reserve is about \$1 billion, plus we have other prudence measures. That is giving us the comfort necessary to come to balance by next year. We're relying on the growth of our economy, we're relying on the measures we are taking to control our spending to come to balance, and we are exceeding that. We are coming to balance yet again the year after that because of the same measures with the same degree of prudence that we have built in.

Mrs. Laura Albanese: Madam Chair?

The Chair (Ms. Cheri DiNovo): Ms. Albanese.

Mrs. Laura Albanese: Minister, I wanted you to elaborate a little more on how our economy is performing. Our province has become one of the fastest-growing provinces in 2014 and 2015, and private sector economists are expecting this will continue until at least 2017. As you stated, Ontario's real GDP increased by 2.7% in 2014, strengthened from the growth of 1.3% in 2013, and outpacing the national average, I believe, for the first time since 2002.

My question is, could you outline more specifically the state of our economy and how good our prospects are?

Hon. Charles Sousa: I'm going to introduce our chief economist in a moment. What we do, just for the purposes of understanding by the committee—and it is outlined in our budget—is that we take assumptions from independent economists who make projections. In fact, many of them did that in 2014 and they all got it wrong, not by their mistakes or errors, but we actually got it more right, to the extent that we tapered down even further and we still had to make corrections.

More recent results have come in since we outlined our budget. With that, I'd like to pass it over to you, Brian.

Mr. Brian Lewis: Thank you, Minister. I'm Brian Lewis. I'm the chief economist and assistant deputy minister of the office of economic policy in the Ministry of Finance, reporting to Deputy Minister Thompson and Minister Sousa.

Your comments about Ontario's economic growth and becoming a growth leader in Canada are absolutely correct. Ontario's real GDP growth rate was 2.7% in 2014, exceeding the national figure for the first time in some while. Our estimate at the time of the budget for 2015 was that real GDP growth was 2.5%. We will be releasing our new figures later on this week that will be very close to that—a little bit stronger.

Ontario substantially over-performed Canada-wide economic growth in 2015. Our number is going to be 2.6% and Canada was 1.2%, so Ontario has really, really become a growth leader in Canada. Certainly, the changing global economic circumstances have favoured Ontario, and through the early parts of 2015, there were really mixed signs about the degree to which that was favouring Ontario.

One of the interesting things we've seen in recent months, even in the time since the minister tabled the budget, is that Ontario's economy has really seemed to have picked up steam in the latter part of 2015 and early in 2016. Even with a few indicators easing in February, we are looking at a very strong—not only carrying on the momentum from late last year where we saw a pretty strong third quarter; we are going to report on a reasonably strong fourth quarter soon.

The first quarter of 2016 is also looking like a pretty strong growth quarter. A few indicators, such as job growth, continue to be very strong, especially strengthened over the latter part of the year. As of March, we are 77,000 jobs ahead of where we were in just September in

Ontario, which is a pretty good increase in a short number of months.

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Merchandise exports have been incredibly strong in Ontario. We're finally starting to see indications that favourable global economic circumstances are really starting to favour Ontario's exporters. We had a record level of Ontario merchandise exports in January 2016. The level eased a little bit in February, but we're still 23.4% above where we were a year ago, which is a pretty phenomenal increase, year over year.

Other parts of the economy continue to do well. Retail sales in January were 4.1% higher than they were in June, and manufacturing sales were also 11.3% higher than they were in June. What we're seeing over the latter half of 2015 is some really, really strong economic performance for Ontario that is picking up in the early parts of 2016.

We are seeing this in private sector forecasts as well—I'm just presenting here some of the recent economic indicators. But since the time of budget, most private sector forecasters have revised their forecasts of Ontario's economic growth. Most of them have increased Ontario's economic growth prospects for 2016.

Most notably, in the month of April, three of the bank economic forecasting shops have increased their projections for Ontario's economic growth. The Bank of Montreal increased their annual growth rate in real GDP to 2.9% from 2.2%. That's a pretty substantial increase, and 2.9% would be a pretty strong growth year for Ontario. CIBC, likewise, increased their number to 2.7%; it had previously been 2.4%. Toronto Dominion Bank increased theirs to 2.9% as well.

Not only are we seeing strength in the economic data for Ontario, but private sector forecasters are seeing it and are raising their growth projections for Ontario. There have been a lot of good indicators on the economy leading up to the budget and, frankly, emerging since the time the minister tabled the budget.

Mrs. Laura Albanese: Thank you.

The Chair (Ms. Cheri DiNovo): Mr. Dong.

Mr. Han Dong: Thank you very much, Madam Chair. How many minutes do I have left?

The Chair (Ms. Cheri DiNovo): You have about three and a half.

Mr. Han Dong: Okay, good.

Minister, you mentioned our plan to reduce the debt. I just want to let you know that many in my riding are in financial services, and they're quite satisfied with the recent budget that we presented. But I got some questions over the debt: What are we doing with our debt?

I know our government has a plan to reduce our net debt-to-GDP to the pre-recession level by 27%. Can you share with the committee a bit more information about the government's plan to reduce the debt?

Hon. Charles Sousa: It's important for us to be mindful of our degree of debt, and we recognize that. It's one of the primary reasons that we are looking at our existing assets that are underperforming. We want to ensure that

we take some of these assets, repurpose them, enhance their value and pay down debt. Part of our restructuring and repurposing of the assets is actually paying down \$5 billion in debt, as we move forward with paying off the OEFC and other obligations.

It's also important for us to be strategic. You don't want to borrow to cover your operating expenses; you borrow to invest in capital and capital investments that provide and make us more competitive. The net debt-to-GDP ratio is a critical number that we monitor to ensure that it is at a point that is manageable. The accumulated deficit-to-GDP is also an important number to determine that you're not using deficits to cover your operating cost but, in fact, you're using debt to invest in capital. That's what those two charts differentiate.

As we proceed to benefit from those investments that we've made—because, in the past, the easy answer was, “Don't invest. Don't build those subways. Don't build that transit system because it's expensive.” As a result, they don't take the bold action necessary to be competitive, and you kick the can down the road. That's what people are asking us to do; that's what other members of our House have indicated to us. They don't want to make those infrastructure projects because they fear that it will be too expensive and that you're accumulating too much debt.

The point being, our economy has grown. It has grown substantially, to over \$780 billion today than what it was only 10 years ago. So that relation of growth—

The Chair (Ms. Cheri DiNovo): Minister, if you could just wrap up. You only have about 30 seconds left, just to let you know.

Hon. Charles Sousa: That relationship is what's important. You have to have growth in GDP, growth in our economy and growth in the value of our system. If you don't want to borrow, then you're hampering that ability to grow your economy, you're hampering the ability to create jobs and you're hampering the livelihood of our young people who are going to benefit from those investments. That's what we're doing.

Mr. Han Dong: That's good.

The Chair (Ms. Cheri DiNovo): Thank you. Just before we go to the official opposition, I wanted to clarify something around the research officer whom I have sitting ably to my left here. I've come from public accounts, so I apologize for the confusion.

Number one, we cannot compel either the Minister of Finance or any other ministry to answer in a way that perhaps would fulfil some members' expectations, and we cannot compel them to provide information. I just wanted to make that very clear.

A member of the official opposition: Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much, Chair. I'll take the minister's good faith that he will provide the documents that we were asking for.

Before the last fall economic statement came out, the Financial Accountability Officer warned that your revenue projections were far too lofty—a full 1% more lofty than when it comes to the nominal GDP. If I can

remember correctly, he warned that a full 1% is approximately \$850 million. The amount that you were off would mean that about \$1 billion in revenue should be reduced.

He basically talked about the fact that he estimated the nominal gross domestic product to grow by 3% at the time. In the 2015 budget projection, it was listed at 4.3%—quite a bit higher. But the government's own fall economic statement confirmed the FAO's suspicions, and on page 95 you actually dropped the nominal GDP to 2.9%—a prudent thing to do, actually. It was at 4.3%, and he said that you should drop it to 3% and reduce your revenue by \$1 billion to accommodate that. You actually did a little better and dropped it to 2.9%, except, instead of dropping revenue by \$1 billion to allow for that, you increased revenue by \$1 billion, a delta of about \$2 billion here.

Why would you think you should be able to raise revenue by \$1 billion when the Financial Accountability Officer suggested you should be lowering revenue by \$1 billion? Was that revenue made up for by the sale of Hydro One assets?

Hon. Charles Sousa: We did recalibrate our revenue numbers according to the GDP impact. I think it was HST or CIT that was shy at that point. We took that into consideration and we reflected that in our revenue numbers.

Mr. Scott Thompson: A big part of the revenue improvement for the fiscal year just ending was from improved returns on HST. A lot of that was due to housing activity.

When you reference the FAO, one of the things I think he said in his report or when he appeared at a legislative committee was that he thought that our GDP forecasts were too rosy.

It's important to note that everybody is doing forecasts. You can't do a budget without doing a forecast. You have to make lots of assumptions on everything. We made assumptions on what the GDP growth is going to be. I think we're encouraged by the fact that what we said the real GDP growth was going to be last year—I think we said 2.7% was what we were anticipating. As Brian just pointed out, with the banks coming in and giving final numbers on 2015, they've almost come up to match what we said our projection was. So, in fact, we were pretty close. We were then, I think, one 10th of 1%.

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Mr. Victor Fedeli: I appreciate that. Your estimate was 4.3% and, in your next production, you lowered it to 2.9%. That's the prudent thing to do. The Financial Accountability Officer told the committee, SCOFEA, the Standing Committee on Finance and Economic Affairs, “Watch for this number. It should be 3%.” You were more prudent and put it at 2.9%. That's fine. But he also said, “And what that means is the revenue—watch for the revenue to also drop by \$1 billion.” Instead, the revenue increased by \$1 billion. Again, how can that have occurred?

Hon. Charles Sousa: We've indicated in the budget the receipts of those revenues as they relate to the growth

of the economy after the fact, and we've taken the prudent assumptions necessary to ensure that we take appropriate initiatives. We have increased some revenues from our tobacco taxes and alcohol charges. We've increased revenue, through tax avoidance measures and the underground economy, as I've stated, to almost \$1 billion.

Mr. Victor Fedeli: I appreciate that, but he is saying drop it by a billion, and you didn't. You raised it by \$1 billion. That's a spread of \$2 billion. Without the sale of Hydro One, how could that have happened?

Hon. Charles Sousa: Yes, and I've stated clearly what our reliance is in terms of improving our overall revenues year over year with economic growth, and I've already indicated—

Mr. Victor Fedeli: No, no, no. Hang on. You've corrected the growth. We're not talking about growth, because you dropped the growth from 4.3% to 2.9%, pretty much as he advised. But he also advised, "If you do that, you better drop your revenue in an according amount of a billion." Instead, you raised your revenue by \$1 billion. How can that be?

Hon. Charles Sousa: Which year are you talking about, Mr. Fedeli?

Mr. Victor Fedeli: His last report, or his first report.

Hon. Charles Sousa: Which year was the FAO referring to?

Mr. Victor Fedeli: In his report entitled *An Assessment of Ontario's Medium-term Economic and Fiscal Outlook*, he's referring to 2015. We're on page 7 of his report. He had your estimated growth at 4.3%. He's suggesting 3%, but he's also suggesting and saying, for the fall economic statement, to look for these two numbers: to look for that 4.3% to fall to 3.0% and to look for revenue to fall by \$1 billion to match that.

How can you do one thing he talked about but the absolute and complete opposite of the other? That's what I'm asking.

Hon. Charles Sousa: Right. As I stated, we've improved our collections of the underground economy and tax avoidance measures. We've been able to control and provide for greater revenues through certain growth in our economy and we've achieved—and these are our projections, after all, and we made adjustments to our projections accordingly.

Mr. Victor Fedeli: Well, you made adjustments to your growth projections perfectly according to the FAO, but when it came to the actual dollar projections, he's suggesting you should drop it a billion, and you raised it a billion—

Hon. Charles Sousa: Well, that's not true. We reduced it as well.

Mr. Victor Fedeli: No. No. In fact, I can actually tell you—I can refer you to your own documents—that the FAO projection would have dropped you from \$124 billion to \$123.4 billion. Instead, your fall economic statement revenue projection is \$125.6 billion. You're off by \$2.2 billion. He takes you to the next year and suggests it should be \$127.4 billion, and you've put

\$129.5 billion. You're off by \$2.1 billion. In 2017-18, he says you should be \$131.6 billion. You're actually startlingly at \$135.3 billion. You're off by \$3.7 billion. When you add those three years together, you're off by \$8 billion. Stunningly, there's an \$8-billion hole in your budget. So if you're not using revenue from the sale of Hydro One and others, how do you plan on amassing that \$8 billion that he's referring to?

Hon. Charles Sousa: Mr. Fedeli, you've made assumptions there which just aren't correct.

Mr. Victor Fedeli: No, I'm not making any assumptions. This is out of your fall economic statement.

Hon. Charles Sousa: We have very clearly substantiated—and I refer again to independent reviews that are made, that are audited as well, indicating that the numbers that we put forward are very transparent and with full integrity. The audit of the FAO made assumptions—

Mr. Victor Fedeli: Do you not agree with the Financial Accountability Officer?

Hon. Charles Sousa: —and we respect it. That's why we've taken his considerations into play and we have adjusted our forecasts as necessary.

Mr. Victor Fedeli: But, no, you haven't.

Hon. Charles Sousa: But we did, and we have now readjusted them going forward and we've cited the sources of revenue as we proceed forward.

Mr. Victor Fedeli: He's telling us on page 17 of his statement that you've got an \$8-billion hole in your budget. He repeats throughout here that if you don't use these numbers, this is what's going to happen.

I'm quoting the FAO revenue projection numbers that are on page 17. I'm quoting the financial economic statement revenue projection numbers that are in your book. When you add the three years up—\$2.2-billion deficit, \$2.1 billion, \$3.7 billion—you've got an \$8-billion hole in your budget compared to the Financial Accountability Officer, which probably is why he states that if you don't change your assumptions, you could have—he's using a rough number here—a \$7.4-billion deficit in 2017-18. But you say you don't. You say you're going to balance. Again, I ask you, are you balancing because of the one-time sale of assets, as the Financial Accountability Officer states?

Hon. Charles Sousa: Mr. Fedeli, I think I will refer you to the more recent report by the FAO and the recent 2016 budget which clarifies all those issues.

Mr. Victor Fedeli: Well, if I look in the budget, I now get further clarity which we'll talk about next week when we're back, I guess, because it talks about using \$1.2 billion of the sale of Hydro One—that's only one of the tranches that you're selling. You've got three more to go.

I suppose, if I can extrapolate that, that means you'll be using a total of more than \$4 billion to help balance your budget just from the sale of Hydro One alone. When you go through the one-time sale of the LCBO headquarters, when you go through the one-time sale of the OPG headquarters across the street, I expect that somehow you're going to manage to come up with that \$7.4

billion, but it doesn't affect the structural deficit that you've created in the province of Ontario; it only masks over it. It artificially balances the budget with one-time money, but that money won't necessarily repeat itself unless you continue to find assets to somehow sell.

Hon. Charles Sousa: What affects the overall sustainability of the budget and our fiscal plan and the ability to stay on balance throughout is to manage our spending, improve our revenues on an ongoing basis, and we've done that. That is exactly what's proceeding. The sale of assets are reinvested—the net gain is reinvested into the Trillium Trust to build new assets and about \$5 billion of that is going towards debt.

Mr. Victor Fedeli: We now know you've put a take-out clause in Bill 144 that was passed last November—

The Chair (Ms. Cheri DiNovo): Mr. Fedeli, you have about one minute left.

Mr. Victor Fedeli: Thanks. I appreciate that, Chair.

Again, let me review. The Financial Accountability Officer said to us, "You're using 4.3%. You should be using 3%." For every per cent that you change, it's about

an \$850-million—I think your own book says \$885 million—revenue change, for each percentage point change in the nominal GDP growth. That's page 273 of your 2015 budget.

So at the percentage difference of 1.3%, that would make it a little over a billion dollars, and that's what the Financial Accountability Officer told us. He told us very, very plainly in his answer to watch for two things: to watch for the drop in the percentage from 4.3% to 3% and a billion-dollar drop. Instead of a billion-dollar drop, you had a billion-dollar increase, which coincides, coincidentally, with your sale of Hydro One and other asset sales.

The Chair (Ms. Cheri DiNovo): Thank you. That will conclude for today. We convene again Tuesday, April 19, at 9 a.m. At that point, we will resume consideration of the estimates of the Ministry of Finance. At that point, the official opposition will have approximately six minutes to conclude.

Thank you, everyone. Have a good evening.

The committee adjourned at 1800.

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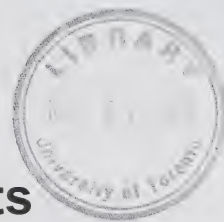
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 19 April 2016

Mardi 19 avril 2016

The committee met at 0900 in room 151.

MINISTRY OF FINANCE

The Chair (Ms. Cheri DiNovo): Good morning, everyone. Good morning, members. We are here to resume consideration of vote 1201 of the estimates of the Ministry of Finance. There are a total of four hours and 18 minutes remaining.

Before we resume consideration of the estimates, if there are any inquiries from the previous meeting that the minister or ministry has responses to perhaps the information can be distributed by the Clerk at the beginning in order to assist the members with any further questions. Are there any items, Minister?

Hon. Charles Sousa: No items.

The Chair (Ms. Cheri DiNovo): No? Okay. When the committee was adjourned, the official opposition had six minutes left in their round of questions. Mr. Harris, the floor is yours.

Mr. Michael Harris: Oh, thank you. Good morning, everyone. Good morning, Minister.

With just six minutes left, I want to quickly dabble in the aviation fuel tax. You'll remember that tax that you put on fuel—I guess this is now heading into the third year of that plan. I'm wondering if your ministry has since done any economic impact with regard to the implementation of the aviation fuel tax since its inception; any economic impact whatsoever.

Hon. Charles Sousa: So we did have some impact as we established it. Just a moment. I'll just see if I have—

Mr. Scott Thompson: I'm going to ask Sriram, who is the ADM of tax policy, to—

The Chair (Ms. Cheri DiNovo): I'm going to ask the deputy to introduce himself. Just once at the beginning.

Mr. Scott Thompson: My name is Scott Thompson, Deputy Minister of Finance. Sriram?

Mr. Sriram Subrahmanyam: Sriram Subrahmanyam, assistant deputy minister, tax policy division, Ministry of Finance.

When the aviation fuel tax was introduced we did take a close look at some of the potential impacts and we are continuing to do so. As of this point, we want to keep a close eye on what any impacts may be before we decide on any actions.

Mr. Michael Harris: So you did do an assessment as to the potential impacts prior to the implementation of the fuel tax?

Mr. Sriram Subrahmanyam: We did take a look at different airlines, communities and so on.

Mr. Michael Harris: Could you provide that information to the committee; any analysis that you've, in fact, done prior to and after?

Mr. Sriram Subrahmanyam: Yes, we can.

Mr. Michael Harris: Okay. Good. So the economic impact, which would also perhaps impact traveller loss to other jurisdictions: Would that also be in the criteria, perhaps?

Hon. Charles Sousa: We did do a review of the impact immediately following as it related to competing jurisdictions and, in fact, we saw an increase in activity in our major airport.

Mr. Sriram Subrahmanyam: Yes.

Mr. Michael Harris: You'll want to provide that to us, too, then.

Hon. Charles Sousa: Absolutely.

Mr. Michael Harris: We'll make a note of that, of course.

You may or may not know but, federally, the Canada Transportation Act Review was released this past February. I'm not sure if you've seen it yet, but that review recommends that the government of Canada work with the provinces to further improve cost competitiveness by reducing or eliminating aviation fuel taxes on international travel, where these still exist, of course.

This report has begun those discussions. I guess my question is: Have you had any discussions federally with your counterparts on eliminating that aviation fuel tax?

Hon. Charles Sousa: It is something that we're looking at addressing because I believe—and maybe you can expand upon the degree of taxes imposed by the federal government in totality versus what the province actually has. It's substantially different, is it not?

Mr. Sriram Subrahmanyam: Yes. Their regime is quite different. It is true that Ontario does have a tax on international flights. We're aware of some of those concerns and we are taking a close look.

A couple of things to keep in mind—

Mr. Michael Harris: I guess just quickly, if I can interrupt—Minister, will you commit—

Hon. Charles Sousa: So I believe the federal component of the taxes that are affecting the travelling is substantially this: What is the total, all in, versus what the province charges?

Mr. Michael Harris: Well, the point is that there is a tax on international flights by our province, so will you

commit to working with your federal counterparts—now that you've got a federal partner, of course—to actually reducing—

Hon. Charles Sousa: We did address the fact—I'm trying to remember now the degree of total taxes imposed by the federal government on these flights versus the province of Ontario.

Mr. Sriram Subrahmanyan: There are a lot of additional federal charges.

Hon. Charles Sousa: That's what I'm getting at.

Mr. Sriram Subrahmanyan: Let's see if I can find—

Mr. Michael Harris: So my question is: Will you work with the federal government to potentially exempt that tax on international flights in Ontario? Will you commit to working with the federal government?

Hon. Charles Sousa: We always work with the federal government, and we're trying to work with them on a number of initiatives to try to ensure that we remain competitive in Ontario on a number of fronts.

Mr. Michael Harris: Earlier this year—and you probably saw it—the president of the Thunder Bay Chamber of Commerce was clear that the taxes on aviation fuel were hurting northern Ontario's economy. Of course, we have our northern member, Vic, here as well. I'm sure he'll want to chime in, but we've got just a brief amount of time left.

She indicated that your one-penny annual increase just adds to the cost of business in areas already paying abnormally high fuel costs. Has your ministry done studies on the impact on the AFT on travel to and from our northern communities? I'm assuming that would have been included in the economic impact provincially, but specifically in northern Ontario. It would have encompassed all of our airports throughout the province, correct?

Hon. Charles Sousa: As I said, we did do an assessment of the impact on the economy, and we had some mitigation that was being proposed. We can certainly get back to you on some of those—

Mr. Michael Harris: What were some of the findings, if you could just share with us today?

Hon. Charles Sousa: Well, as I said, we actually had a pick-up in airline activity, even after it was done. Quite a substantive amount of increases occurred in the major airports. Then what we did is that we found other ways to mitigate—satellite imaging and so forth for some of the landings, to facilitate some of the rural communities.

I can get you some further back-up. I'll see what I can do for you.

The Chair (Ms. Cheri DiNovo): Mr. Harris, you've got about 20 seconds.

Mr. Michael Harris: Okay. Well, we'll look forward to seeing those reports; if we could make it noted that we'll get those reports, that would be great.

Thanks, Minister and Deputy, for your time today.

The Chair (Ms. Cheri DiNovo): Thank you, Mr. Harris. Now we move to Ms. Fife from the third party. You've got 20 minutes.

Ms. Catherine Fife: Thank you for being here today and for answering the questions.

Like the PC finance critic, I just wanted to preface some of my comments, Minister, by saying that we truly, fundamentally feel that this budget process was flawed this year. That really is confirmed, basically, every week that we ask questions in the House, because we are dealing with the fallout of a poorly thought-out process.

Interjections.

The Chair (Ms. Cheri DiNovo): Excuse me. If you're going to have a conversation, could you please take it outside? Thank you.

Ms. Catherine Fife: Just even a few examples—when we travelled around the province, we did not hear from any seniors that they were willing to have their drug costs almost doubled. We did hear from child care advocates who were asking for sustainable investments so that they could build and grow, and they made a direct comparator—an increase to the economy by investing in child care. We, of course, did not see from parents of children with autism who had been on a wait-list, some for as long as four years, that their IBI services would be denied.

Just to go back to the process, there may have been listening around the table, because I know that the members from the Liberal finance committee and PC committee and members from the NDP who joined me—we were there investing our time and our energy, and we actually made specific commitments back to those delegations, who are the citizens of this province. Then, when we learned that the budget had been sent for translation on January 27, that was a disheartening moment for members of the committee and certainly for the people that travelled extensively.

I think that there's an opportunity to learn from this budget process, Minister, and also the context around this economy that we are currently in, and how priorities of the government are set. I think that one of the recommendations, actually, from the finance committee was that each party invite an outside economist to give some context. I'm hopeful that SCOFEA adopts that recommendation. Apparently, it used to be a tradition of this place.

As a final commentary, when we do get the budget process wrong, we spend a lot of time and a lot of energy picking up the pieces. One of those pieces—and there will be a specific question for you—is the negative economic impact on the Ministry of Education for not honouring the promise of full IBI therapy to almost 3,500 children in the province, who will be transitioning to the education system without having benefited fully from a therapy that has proven to help with that transition. I will be asking a specific question around the costing of that.

I must admit that when the first announcement came out on autism, I was very complimentary of this government: \$333 million is not a small sum. But I should have known better, really, when it was couched under the concept of a redesign. I urge the government to go back to the expert committee and not be so selective about what that committee advised this government—because there is still an opportunity to change that policy.

0910

One of the final things from my riding, though, Minister—and you'll know this very well—is that there was no call from any delegation to reduce R&D and innovation tax credits, and yet there was a reduction in this budget.

For us, as New Democrats, there's definitely a gap in the budget document and the priorities that are contained in it from what the people of this province need. With that, I'm going to move into my questions, because I have a number of questions, and then my colleague from Bramalea–Gore–Malton also has some.

Minister, according to your government, money for infrastructure investments will be funnelled through the Trillium Trust. Let's talk about this government's record on infrastructure expenditures and its treatment of the Trillium Trust, because I think infrastructure as a whole needs some context.

In the 2014 budget, on page 265, you included a table showing infrastructure expenditures that separates out the provincial, the federal and then the third-party funding contributions. But in the 2015 budget, on page 291, you need to go to a tiny footnote to figure out exactly how much provincial cash is being spent on infrastructure expenditures. And in the 2016 budget, on page 285, there is no way to determine how much provincial cash is being spent on infrastructure expenditures.

It's interesting for us that information like this is becoming harder and harder to find, especially within the language that your government uses around transparency and accountability and open. We New Democrats had to put in a request to your ministry to find out how much of the provincial dollars were being spent on infrastructure expenditures. I hope you agree that this shouldn't be difficult information to find.

The first question within this context was: Why has the breakdown been eliminated from the budget? I'd like to hear the rationale. Do you think, as the Minister of Finance, that the public has the right to know this information?

We now know that the expected provincial expenditure for 2016-17 will be nearly \$13.4 billion, after nearly a month-long delay from the ministry. We were able to get that information, but it took a month to get it. Of course, we won't know exactly how much has actually been spent until public accounts come out later this year.

This is the second part: Given that the recent budget bill, specifically schedule 9 of Bill 173, amends the Financial Administration Act to declare that an expenditure can include not just cash but also liabilities—in other words, a promise to spend cash at some point in the future—can the minister confirm that the \$13.4 billion in budgeted expenditures represents cash being spent in 2016-17?

Hon. Charles Sousa: I appreciate the question and the preface to the question. I do recognize the important work that this committee and the finance committee do, year in and year out. Certainly, I participated as a

member of that committee. All of those submissions were tabulated and considered in the preparation of the budget.

I also recognize that the translation is an ongoing process. The budget was not completed until much later than that, but it's prudent for us to continue to work on the document to the extent that is necessary, on those things that won't change, and that's what translation was used for.

Certainly, the economic impact of the work we do is tremendous, and I recognize that the work that all of you do relative to that is also impactful.

It is why we did increase funding for health care, education and social programs, including child care and, as noted, to autism—

Ms. Catherine Fife: Minister. Minister—

Hon. Charles Sousa:—which is why we have—

Ms. Catherine Fife: I asked two specific questions of the minister.

Hon. Charles Sousa: I will.

Ms. Catherine Fife: You don't get to do the preamble, Minister; I get to do the preamble. That's the way that estimates works. Can you please answer the question about the budget breakdown and as well, under schedule 9 of Bill 173, the amendment to the Financial Administration Act?

Hon. Charles Sousa: It wasn't a direct question, so I'm trying not to answer as such, but I will get to it.

Ms. Catherine Fife: I did point them out specifically—

Hon. Charles Sousa: As a result of the work that has been done by the committee on PRRT and Don Drummond recognizing the work that is necessary to find the savings in transformation of government, we have done so, and we've done so with the input of the public who were commenting on those priorities, which have been included in this budget—as well as increasing autism and looking at providing ongoing ABA treatment as necessary.

I think you asked about the degree of impact that that would have, and the economic consequences to it, and the costs. We recognize that it is something that is tremendously important. It's why 16,000 more young people, young children, will be able to get IBI treatment more quickly without being on the waiting list.

But as it relates—

Ms. Catherine Fife: So just to clarify: You will make a commitment to us to give an economic impact on the Ministry of Education in the reduction of IBI services for the 3,500 children—

Hon. Charles Sousa: No, I'm saying that the work that is done by the committee, as well as input by others who are reporting to us, to put priorities in the budget, included funding more for autism. We have done so, and we need to continue to do that—

Ms. Catherine Fife: But \$8,000 is not more than \$50,000, Minister.

Hon. Charles Sousa: Say again?

Ms. Catherine Fife: The \$8,000 is not more than \$50,000, and six months of therapy is not more than one year—

Hon. Charles Sousa: The ongoing enhancement to the ABA program certainly is, and that is part of this, to try to ensure that those people—those young people especially—get the transition and the support they need.

I'm not the scientist, but if I'm told that IBI treatment is more impactful at a young age, then we need to make sure that people get it—

Ms. Catherine Fife: Well, I encourage you to read the expert panel's report—

The Chair (Ms. Cheri DiNovo): Excuse me. Could we speak one at a time?

I'd just remind the committee as well: You can ask whatever you want. The committee has no power to compel the minister to answer in any particular way.

Ms. Catherine Fife: Well, I thought I had received assurance that he would. That's why I clarified it.

The Chair (Ms. Cheri DiNovo): One at a time, please.

Ms. Catherine Fife: My question was: Why has the breakdown been eliminated from the budget around transparency around infrastructure spending, Minister?

Hon. Charles Sousa: As noted, we have displayed the degree of initiatives and programs and infrastructure spending that we are doing. We recognize that we have more support for those programs. We highlight some of that breakdown, as you cited, on page 285.

You're making reference to the federal government's component positions to that, while we need to ensure and get confirmation of the federal government as to what that will be. We highlighted what our expectations would be, as per budgeted forecast, and that's noted. We also note that we've had substantive investments already being made in the recent three years relative to this.

The Trillium Trust is being dedicated for the net proceeds and the gains of future assets that would be involved, including GM shares as well as real estate properties and non-productive investments that are going to be used to enhance its value and reinvest those gains after we pay off debt where required.

I think that pretty much speaks for itself.

Ms. Catherine Fife: The second part of the question, around the expenditures, around the changes to the Financial Administration Act, to declare that an expenditure can include not just cash but also liabilities—in other words, a promise to spend cash at some point in the future.

Can the minister confirm that the \$13.4 billion in budgeted expenditures represents cash being spent in 2016-17?

Hon. Charles Sousa: The net proceeds of the Trillium Trust will be those net proceeds after we have to pay liabilities that are affected by those values.

If we looked at the asset of Hydro One, for example, there is value and loans and debt that we have to accommodate, and those are the liabilities that are going to be required to pay off.

Ms. Catherine Fife: So 13.4 minus the liabilities.

Hon. Charles Sousa: No, I'm talking about—that transaction is probably going to be about close to \$9

billion in gain, of which \$5 billion are liabilities that we are going to pay off.

Ms. Catherine Fife: Okay, minus liabilities.

Mr. Scott Thompson: I think it's important at this point, Ms. Fife, to also say that these are projected expenditures. This is what the cash is expected to be spent on—infrastructure, on this page—and the various breakdowns between the sectors.

Of course, with construction projects it's always possible that some may take longer than others. Some may be faster than others.

This is, at this point, as every budget is, a projection of what we're trying to spend this year.

Ms. Catherine Fife: Okay, but you can understand that why I'm asking this question is because Bill 173 amends the Financial Administration Act to also declare expenditures not just including cash, but also liabilities.

I think it's in our interests just to ask the question, to find out the intention of the government around infrastructure spending.

I'll give you some context. In the 2013 budget, on page 225, it shows \$13 billion in total infrastructure expenditures. This is just the provincial portion. It doesn't include the federal, municipal or third-party.

In 2014, on page 265, the government budgeted nearly \$12.3 billion in provincial expenditures for infrastructure. That was \$700 million less than the previous year.

In the 2015 budget, on page 291, in the footnotes, we see that the government budgeted only \$11.9 billion in provincial expenditures for infrastructure, a \$400-million decline from the year before.

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Why did the annual provincial expenditures for infrastructure decline by \$1.1 billion between 2013-14 and 2015-16? There was a full costing out of \$1.1 billion in reduced expenditures on infrastructure.

Mr. Scott Thompson: I'll have to look at these numbers and get back to you on that. I think every budget reflects the fact that there are some capital assets that get third-party contributions. The footnote that you're pointing to is simply deducting the third-party investments.

I don't have the 2014 budget in front of me so I don't know whether there's an equivalent amount identified in that budget.

Ms. Catherine Fife: I have it here if you want to look at it. In 2013, it didn't include federal, municipal or third-party contributions. We're trying to get at why, in the context of always talking about infrastructure investment, that money actually isn't being spent. That's a valid question. Will you undertake to try to answer the question for this committee?

Hon. Charles Sousa: We are spending. The fact of the matter is that in some years, it may have fallen for one reason or another, but it has increased in others. The fact of the matter is that it is being done, and it is being done in a substantive way.

Ms. Catherine Fife: So will you undertake to provide an answer to this committee or not?

Hon. Charles Sousa: We'll undertake to continue doing what we're doing, which is to invest in infrastructure and to continue to provide the necessary investments to be competitive. There are a number of projects that are being invested in.

Mr. Scott Thompson: Just to point out, I think all of those budgets that you referenced are talking about a 10-year infrastructure program of \$130 billion. Now we're talking about \$160 billion over 12 years. Depending on the projects that are in there, it will ebb and flow a little bit from year to year.

Ms. Catherine Fife: We look to public accounts to find out actually how much money is spent; that's the most accurate document in this place. We understand that, but when the government makes a promise to spend money, I think it's important for this committee, certainly, to track that money and to find out why that money was not spent.

I'm going to move on, Madam Chair.

In the 2013 public accounts annual report, on page 16, the government budgeted \$14.5 billion for infrastructure, including third-party contributions, but the government only spent \$11.8 billion. In other words, the government didn't spend \$2.7 billion that had been budgeted for infrastructure. That's in the 2013 public accounts.

In the 2014 public accounts annual report, on page 14, the government again budgeted \$14.5 billion for infrastructure but only spent \$12.8 billion. In other words, the government didn't spend \$1.7 billion that had been budgeted for infrastructure in that year.

Our question to the minister and to the ministry is: Why didn't the government spend the \$4.4 billion that had been budgeted for infrastructure, as shown in the two most recent public accounts reports? Because you'll note that the \$4.4 billion that the government didn't spend on infrastructure is actually greater than what the government claims it will spend on infrastructure from the sell-off of Hydro One. Instead of selling off Hydro One, I guess to pay for infrastructure, why didn't the government simply spend the \$4.4 billion that it had budgeted in successive budgets, as determined through the public accounts? That's a lot of money; I hope we can agree that \$4.4 billion is a lot of money.

Mr. Michael Harris: We agree.

Hon. Charles Sousa: Yes, there was a substantive amount of dollars that were invested in infrastructure, well over \$10 billion in a year, and that will continue to \$160 billion over the next 12 years. It's revolving in every 10-year period. As the years you have just stated have now come up to 2016, all of that accumulation is still building, and the commitments to making those investments remain. It's well over \$10 billion to \$11 billion to \$12 billion a year. That will include reinvestment of assets to the tune of about \$4 billion as it relates to the one transaction you speak of, and greater amounts of infrastructure investments and some of the debt that's going to be required.

Mr. Scott Thompson: I think it relates to my earlier point about the 10-year plan and the fact that these are

projections every year. The government enters into a budget year and says that it wants to spend \$14.5 billion on infrastructure; that's the ambition. That's how we've scheduled out the overall \$137 billion of spending over 10 years. The fact that we may have issues with some projects, that some construction may be delayed—for numerous reasons—the public accounts is actually saying, "What bills came in? What spending was made during the year for those projects?"

The Chair (Ms. Cheri DiNovo): Ms. Fife, you've got about a minute left—a minute and a bit.

Ms. Catherine Fife: Oh, really? Okay. Then I'm going to finish up.

You can understand our concern. Now we have successive years where infrastructure budgets have not been met for a variety of reasons. There's no clarity as to why that money has not been spent. At the same time, this government has tried to make the case that they have to sell off a public asset to get the money when they clearly have the money that they haven't even spent yet.

I think that this is an issue of confidence, because there's so much talk about infrastructure spending. We can see through the public accounts—as you pointed out, these are the most accurate records—that if this government has promised to spend \$4.4 billion and has not spent \$4.4 billion, then the argument for selling off Hydro One to fund infrastructure is completely a flawed argument.

Hon. Charles Sousa: The government continues to spend well over \$10 billion a year. You can fund it by increasing your debt or you can fund it by repurposing some of your assets to reinvest more. Part of the plan—

Ms. Catherine Fife: But the government can borrow money at very low interest rates. That's a poor rationale.

Hon. Charles Sousa: —and it's being spent. The commitments that we've made are being adhered to, and we are investing. It's record investments that this government's made, beyond any other years.

The Chair (Ms. Cheri DiNovo): I'm afraid that is all the time the third party has.

We now move to the government side for 20 minutes. Ms. Kiwala.

Ms. Sophie Kiwala: Thank you very much to the minister for being with us today. My question to you today is on cap-and-trade, but I just wanted to take a couple of minutes to give you some feedback that I'm getting from my community. My community has been very supportive on the cap-and-trade initiative. They're very pleased to see us making progress.

There are a number of organizations in Kingston and the Islands that are heading up that support group. One is Switch. Switch is a network of businesses, research and educational institutions, public sector participants and community-minded volunteers. Switch in Kingston is the go-to group for sustainable energy. They have been extremely supportive, and I just wanted to pass that on.

We continue to build awareness in our community and engage on the importance of solar, wind, geothermal, bioenergy and general energy efficiency measures. In

addition to that, the city of Kingston also has a mission of being the most sustainable city in Canada. We're pretty proud of our position on the sustainable energy front.

Specifically with respect to cap-and-trade, the recent budget projected \$1.9 billion in proceeds that would be generated through cap-and-trade. My question to you today is: What is the government doing to ensure that these funds are invested in a fair and transparent way that will benefit Ontario?

Hon. Charles Sousa: Thank you for the question. Indeed, fighting climate change and supporting a new economy, a low-carbon economy, is critical. It's no surprise that many Ontarians throughout all communities recognize the importance of doing so, recognizing the economic benefit that can come from this as we get engaged in the low-carbon economy and lead it. Many other jurisdictions are looking to Ontario now as a result of that.

Our participation with the Western Climate Initiative, together with Quebec and California—there's quite a bit of excitement, noting that much of Ontario's reduction in emissions in recent years has been substantive. As we've invested heavily in new transmission, as we've eliminated coal from our power system, as we've invested in 20-plus new facilities, it has given us a tremendous degree of legitimacy and payoff in the long term.

It's also interesting to note that once we removed coal from our portfolio, in 2011 we had 53 smog days here in Ontario, in the GTA especially. Since then, we've had none—zero. That has been a tremendous positive benefit for our health system as well. Many with asthma and health-related issues have benefited from some of those investments.

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But we're not done with that. There's more to be done. We certainly want to further reduce our emissions overall. Our ability to concentrate on some of these initiatives will enable us to reinvest heavily. In fact, in the lead-up to our cap-and-trade program, we've already advanced \$325 million in this budget to support those companies in that transition in order to prepare them for what can be had, including retrofits in people's homes. Some of the biggest contributors to our emissions to date are transportation, housing and buildings. We have to find ways to become more competitive in that respect.

We anticipate about \$1.9 billion in total receipts as it trickles through the system by next year. As a result, we've made a commitment and are working toward legislation to provide a specific prescription of what those funds must be used for as we participate in the Western Climate Initiative. All of it is being dedicated to invest in ways to reduce emissions and in ways to foster that new economy. It is prescribed; it is detailed; it is outlined. A lot of input is being made by stakeholders and third-party interests who recognize the importance of having full disclosure and transparency in that regard.

I know some filibustering is happening right now in some of the committees, which is trying to delay the opportunity for us to enhance and embrace the low carbon.

But it is in fact essential, and it will be one of the greatest testaments of a government, regardless of political stripe, to come together in fostering this new economy.

We recognize that if we don't take these steps, we're going to pay even more by trying to play catch-up. By taking the lead in this regard, Ontario positions itself in the national discussion, frankly, that's also being had with Alberta and British Columbia and others.

Our offsets to this are very detailed. Even though in other jurisdictions they offset their price on carbon with grants to the film industry, for example, that's not the case here. All our offsets are in regard to finding ways to reduce those emissions. It is detailed in the recent piece of legislation that is before us now, identifying where some of those proceeds must go.

Ms. Sophie Kiwala: Excellent. If you could elaborate at all—I know it's early days at this point—on anything about the ways in which communities will be able to engage with the government in terms of looking at those funds, and any initiatives that might come forward from them.

Hon. Charles Sousa: The communities are being engaged. I think part of the process is to receive input from communities across the province of Ontario. As we establish the greenhouse gas reduction account, we want those communities to help us prepare the climate change action plan that will detail how those proceeds will be used, a timetable for implementation and the estimated potential for those reductions.

We recognize that as we proceed, we want public input and, frankly, we want leadership. Oftentimes, they're the ones that are ahead of us with respect to what must be done, and many of them are demanding it.

I find that the most active and most engaged in the desire to see this implemented is the new generation. Our young people are saying, "Hey, leave us a better planet and leave us a better economy by doing these things." So their input is critical, and we will continue to reach out.

Ms. Sophie Kiwala: Excellent. Thank you.

The Chair (Ms. Cheri DiNovo): Mr. Thibeault.

Mr. Glenn Thibeault: Minister Sousa and Minister Hunter, welcome. Minister Sousa, I just want to jump back to something that my colleagues from the PC initially talked about, which was the aviation tax, and talking about northern Ontario.

I want to pick up on something that you spoke to when they were talking about northern Ontario. In your words, "We've seen growth." I've got some very tangible examples of that. In Sudbury, we've seen our ridership go from 160,000 passengers, and now Bob Johnston, the general manager of the airport, is talking about how we're up over 260,000 passengers in the last three, four years.

We've seen the arrival of Sunwing. We've seen the increase of Porter flying throughout not just Sudbury but in Thunder Bay, North Bay and Timmins. So we've seen significant growth in the aviation sector in the north. We've also seen, as Mr. Johnston is talking about, making sure that we continue to see that growth because

they're part of our economic engine in helping growth in northern Ontario.

I'd like for you to maybe, if you can, talk a little bit more about this, because I know you were cut off. The federal side, the fees and the taxes coming from the federal side in aviation, have some very huge impacts on this compared to what this one tax was talking about. Can you elaborate on that maybe in a few more details?

Hon. Charles Sousa: Yes. There is a summary of the total impact of federal charges when it comes to aviation and international travel, and there is a comparison as to what has happened with Ontario's input. You've got to recall that Ontario hasn't increased the fuel tax, I believe, since 1992, and the one penny that has gone up—relative to the extraordinary amounts more that the Conservative government put in place with respect to aviation fuel, where there have been tremendous increases. We are trying to be cognizant of that and trying to ensure that we maintain a very competitive industry. We know that the competing jurisdictions and the hubs around North America are the competitors to Pearson airport, for example, and yet Pearson has grown substantively in that regard.

According to a study by the National Airlines Council of Canada on Canadian domestic and transborder flights from Toronto Pearson, Ontario's aviation fuel tax increase would add approximately \$3 to \$4 to the price of a ticket. We're talking about a \$3 increase to the price of a ticket. Existing federal fees and charges for the same flights are over \$40.

So you get a perspective as to where the real fees are coming from. The province of Ontario and the citizens of Ontario have a right to have some benefit from the activities that occur for our economic benefit to pay for that initiative. It's essential for us to recognize the importance of the tourism and the activity. Pearson has become a national attraction, a well-run airport, as are some of the others. New ones are starting to come around the region.

As you cited in the north, there are also other things that we're looking at in regard to satellite imaging to enable some of the smaller planes to land in a more effective way. The competitive factor here, while we've benefited from a lower dollar and benefited also from just the price of crude going down, is the sustainable value of the industry that's critical to us. We do, of course, require the federal government to participate in a way to complement the work we're doing to foster more competitiveness. But the aviation fuel tax that the province of Ontario has added hasn't been increased in over 20 years, to which it adds a penny or two and it adds maybe \$3 to a ticket.

Mr. Glenn Thibeault: Great. Thank you. I'm just going to change channels now and maybe ask you a question on auto insurance, something that is near and dear to those of us in the north as well.

I know that our government has not yet reached the goal of reducing auto insurance rates by 15%. However, rates have been reduced by over 10%—I think it's

10.18%, to be exact on that, Minister—since our government made that rate reduction a priority. Maybe you can speak to, Minister, when we will reach that 15% and how the recent reforms in the 2015 and 2016 budget will assist in our goal on that.

Hon. Charles Sousa: Yes. As noted, rates have continued to decline just over 10%—10.2% or thereabouts—since 2013—the initiatives that the Ontario Liberal government has taken since 2003 in refining ways to stabilize rates. In 2005, we took regulations to prohibit auto insurance from using certain information in credit scoring and so forth to give more benefit for consumers.

In 2008, we completed a five-year review of the auto insurance system, noting that we needed to find ways to make Ontario drivers and consumers benefit from lower costs that were obviously astronomical in Ontario versus other jurisdictions in Canada. For example, the cost of a claim in Alberta is about \$1,200, or much less than it is in Ontario—10 times less than it is in Ontario.

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In 2011, we created the Auto Insurance Anti-Fraud Task Force to address and find why the escalation of these costs was occurring.

In 2012, we strengthened FSCO's authority to deal with the unfair practices and rate filings.

In 2013, in the budget, we made a commitment to find ways to reduce overall insurance, on average, by 15% as a targeted reduction, which I assumed was something that all parties agreed to and wanted to do. But as we proceeded, going forward, to introduce bills like Bill 171 and Bill 15 that were tabled, in terms of towing, a lot of delays were made and further obstructions occurred, so we had to wait yet another year to try to put forward some of these factors that would further reduce the costs of those claims.

In August 2014, average insurance rates did drop by about 6%, with 21 companies already having taken an over 8% reduction.

There are well over 100 private companies providing insurance. A lot of them have reduced their rates by 15% already. Some of them have actually modified, depending on their balance sheet—as you can appreciate, the province of Ontario is not in the position to put any companies into bankruptcy or to harm their overall assessments, but we do encourage ways to foster reduction in the costs of those claims.

In November 2014, Bill 15 passed and then, as of December 1, health service providers were required to be licensed to continue receiving direct payments from insurers. This was one of the anti-fraud task force's recommendations.

We needed to find ways to ensure that the clinics and other health providers and so forth were adhering—and most of them did, but obviously there were some transactions, some activities, that padded the claims. We all recognize that. The degree of fraud that was occurring—we needed to find ways to curb it.

In April 2015, we introduced and passed key rate reduction measures, such as an industry-wide discount on

winter tires, for example, and prohibition of rate increases for minor at-fault accidents.

I also brought in David Marshall to look at some of these initiatives. He himself has had quite a degree of success in dealing with insurance systems and finding ways to avoid some of the escalation in claims.

In February 2016, we committed to establishing a serious-fraud office, with a special focus on insurance fraud. That fraud office also has ways to provide for comment from consumers.

We proposed to amend the Insurance Act to ensure that consumers are provided with complete information about the history of used vehicles, which is important as well, so people understand their costs.

These initiatives overall—the 2015 budget, for example, included lowering the maximum interest rates charged on monthly auto insurance premiums from 3% to 1.7%, so it went down well over 2%.

We also prohibited premium increases for minor at-fault accidents that meet certain criteria, to try to expedite matters.

We required that all insurers offer a discount for winter tires and other activities, including black boxes and so forth, so that consumers can find ways to benefit from lower costs.

A dispute resolution system was brought forward, too, to try to get matters forward. We want consumers and victims to receive their benefits quickly and not to be caught in a judicial system that, frankly, doesn't give greater benefit to the consumer and the victim. That is what we were trying to achieve.

The insurance rates that we have now produced in the 2016 budget to further make reductions propose changes to the Insurance Act that, if passed, will ensure that consumers are provided with complete information about the history of vehicles, as I said.

Amendments will also allow regulations to require insurers to provide the claims and repair history information to motor vehicle dealers for disclosure, and the establishment, as I said, of the fraud office, with a special focus on insurance fraud.

While we have now reduced rates further, by over 10%, we still want to continue enabling the systems that we put in place to run through, to help further benefit consumers. It's our anticipation that that will continue.

Since 2013, notwithstanding the price of money over that period of time, we're still committing to going down 15%.

Mr. Glenn Thibeault: Great.

The Chair (Ms. Cheri DiNovo): Just a reminder: You have just over a minute—a minute and a half.

Mr. Glenn Thibeault: A minute and a half? I'll hand it over to my colleague, if he would like to—

The Chair (Ms. Cheri DiNovo): Mr. Dong.

Mr. Han Dong: I have a big question to ask. In my riding, Minister, you know that I have a few craft breweries and microbreweries that not only provide jobs to young people, but also add vibrancy to the community. I

know we've done quite a bit through modernizing the LCBO to support craft breweries.

I noticed that in the estimates briefing book, on page 19, you talked about a whole bunch of things that LCBO is doing, including supplying beer to 60 grocery stores across the province. Can you give us a bit more information on exactly what we're doing with that?

Hon. Charles Sousa: Yes, with the short time available, I appreciate—

Mr. Han Dong: You can continue answering in your next round, too.

Hon. Charles Sousa: Yes. There has been a tremendous amount of work to try to make changes since Prohibition in our province to offer more convenience to consumers in grocery stores for wine, beer and cider.

Certainly, craft brewery is a very important industry for the province of Ontario. We now provide 20% more shelf space for those craft brewers and also enable those craft brewers to sell not only in their immediate production facility but in additional production facilities so that they get a greater benefit. It has created a tremendous degree of tourism, excitement in those communities. The craft brewers have a special identity within the communities that many of the grocers are now promoting as a preference as well. It's enabling quite an exciting, vibrant industry in Ontario. I'm very pleased.

The Chair (Ms. Cheri DiNovo): Thank you, Minister. Your time is up. We move to the official opposition. Mr. Harris.

Mr. Michael Harris: Minister, there were some changes in your budget with regard to the drug pricing for seniors. I guess that would be the Ontario Drug Benefit Program, right? What were the savings to the treasury by making those changes initially?

Hon. Charles Sousa: Well, what we did is we increased the threshold for the qualifications for seniors to receive the benefit—I'm going by memory—from \$16,000 to \$19,000 for singles and 20-some-odd thousand dollars to \$30,000-plus for couples. That overall increase actually cost the treasury—I believe it was over \$20 million or so?

Mr. Scott Thompson: Yes.

Hon. Charles Sousa: So, in this budget, we increased the ability for 170,000 more seniors not to pay the deductible and to lower their overall co-pay, and that would be at a cost to the treasury of about \$25 million, I believe it was.

Mr. Michael Harris: Do you have the exact number?

Mr. Scott Thompson: Just the one?

Hon. Charles Sousa: Just that one component of it.

Mr. Scott Thompson: I'd have to look to be sure, but I think that one component was about 20.

Hon. Charles Sousa: Right. So the other side of the story, then, is the increases. That, as you know, has, through the work of the committee—we're looking at a more enhanced review of the overall drug program in the province of Ontario in terms of its sustainability. Obviously, Ontario would continue, even after those

changes proposed, to be the most generous provider of drugs anywhere in Canada.

Mr. Michael Harris: So the health minister—it was reported that the reversal on the drug pricing that was in the budget would actually cost about \$100 million. Do you agree with his statement that that's about the number?

Hon. Charles Sousa: Yes, the combination, right? What was proposed in the 2016 budget and what's now being—it's revenue that we never achieved anyway. The actual cost to the treasury is still going to be about \$25 million. The opportunities that we had projected for would have been an additional \$70 million, which is not happening. So the total would roughly equate to about \$100 million.

Mr. Michael Harris: Tell me, what's the process—you put together a budget, you make those announcements, and then within 30 days, a reversal is made on that. Walk me through the process as to how that happened.

Hon. Charles Sousa: Well, the process of developing the budget and establishing—

Mr. Michael Harris: I'm more specifically concerned about the reversal part of it.

Hon. Charles Sousa: But that's what happens, right? When we put forward these proposals, with the input that we've received in terms of—some of this was done on Drummond's recommendations that you have asked us to implement, and we have put forward some of these changes. Of course, there was some desire to give it more time, and that's what we've established here.

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Mr. Michael Harris: So where is that money going to come from?

Hon. Charles Sousa: Well, there's prudence built into the budget—quite a substantive amount of prudence. We do that, and we have asked the Ministry of Health also to find some additional transformative changes that are being proposed to come up with the additional—the budget is almost, and will be by 2019, over \$140 billion. So—

Mr. Michael Harris: So what's a hundred million more?

Hon. Charles Sousa: No, a hundred million is a lot of money. What I'm getting at is, to ensure that we measure—and we go line by line in all of these details that we propose. We find and allocate for savings and transformations, without sacrificing those services that are important, like health care and education and social programs. So those things are going to be addressed and attained, but the sustainability of these programs is just as important, and that is why we are looking at the whole drug program for all age groups.

Mr. Michael Harris: So, in the 2016 budget, you introduced \$345 million in new hospital funding. That's correct, right?

Hon. Charles Sousa: Well, it's over a billion dollars, I believe, for health care increases.

Mr. Michael Harris: New hospital funding. I guess we'd also get you to confirm—there was a line on page

289 of the budget that shows that the Ontario Lottery and Gaming revenue that specifically went to hospitals will be cut by \$107 million. Is that correct?

Hon. Charles Sousa: The Ontario Lottery and Gaming actually had some—there's a timing issue in respect to the revenues from OLG. I'm not sure if it indicated the increases thereafter. But OLG continues—here it was, so the interim plan. The proceeds of the year over year—there are issues that have related to OLG which are not impacting our health budget.

Mr. Michael Harris: I guess where I'm going is, you've got \$100 million for the reversal in the drug pricing changes from the budget, and you take out \$107 million from the Ontario Lottery and Gaming revenue. Obviously, hospitals will now be impacted by the changes that the government made, transformational changes in health care, by not allowing them to charge X amount for parking. So we're really down to about a \$50-million to \$100-million increase for hospitals as a whole. Would you agree with that?

Hon. Charles Sousa: No. We have a percentage increase for operating, and, as I said, we have over a billion dollars going into health care. What's important is the care for the patients. We increased palliative care. We also increased work for long-term care. There's quite a bit going into health care: over a billion in this case.

Mr. Michael Harris: Now, will you be able to provide a list showing how much hospitals will actually lose to those cuts of the OLG revenue, \$107 million? Can you actually send us a list or provide a list of where that—

Hon. Charles Sousa: The degree of support for hospitals is actually going up, not down.

Mr. Michael Harris: But I guess that specific \$107 million for OLG—

Hon. Charles Sousa: It's not affecting hospitals.

Mr. Michael Harris: What is it affecting?

Hon. Charles Sousa: The degree of work that's being done with OLG—in our upcoming public accounts and in our economic update, we'll have greater clarity as to what the OLG line item relates to. But in the end, it's not affecting—we're increasing health care. We're increasing supports for health care. The OLG revenues that are targeted for health care amount to about 3% of its overall budget.

Mr. Michael Harris: I guess that specifically on page 289, the operation of hospitals, that's what we're really looking at here. So hopefully you can provide—will you provide a list?

Hon. Charles Sousa: Health care and hospital support is going up, and it's going up by the amounts that we've indicated.

Mr. Michael Harris: Well, you've got interim—so we would just hope that you could provide us a list of where that \$107 million is going to be taken out of.

Hon. Charles Sousa: Health care funding is going up, and it's going up by the amounts that we've indicated.

Mr. Michael Harris: Now, when I asked about the \$100 million for the drug reversal, why wouldn't you have looked for that—if the savings were perhaps there

in the system, why wouldn't you have looked for that initially?

Hon. Charles Sousa: We identified those savings in the PRRT chapter, and then there was a form which actually specifically highlighted the degree of impact for the drug program. The savings, going forward, are something that the PRRT program continues to do.

Mr. Michael Harris: Would that decision have been based on polling done after the budget was tabled? What type of information would the government have gathered to have reversed that decision?

Hon. Charles Sousa: Finding savings in our budget and ensuring that we have greater value for taxpayer money is something that the responsibility of any government should be doing. Ontario still continues, as a result of those initiatives, on a per capita basis, to be one of the most efficient and effective governments, even by the C.D. Howe Institute's report, and also with the most integrity by way of transparency of its numbers. So we are doing what's necessary. Even during the period of time when revenues were impacted by a global economic downturn, Ontario still restructured and recalibrated its spending, found programs that were inefficient, ensured that we continued to lower overall costs and beat our deficit targets to the tune of about \$30 billion to \$40 billion in accumulation over that period of time, that we are not borrowing as a result.

Mr. Michael Harris: I know we've got the Minister of Health in for a significant period of time here, so we'll save, perhaps, some more questions for him.

But switching a bit to Drive Clean: Obviously, four years ago, your government was actually caught using the Drive Clean program to rake in massive multi-million-dollar profits. The AG specifically warned the government it could not claim Drive Clean was revenue-neutral while using the program to make money and it reported that the government would generate \$50 million in profits by the end of the current Drive Clean contract.

I wondered if you could tell the committee today: What was the total surplus the government generated from Drive Clean, from 2011 to 2016?

Hon. Charles Sousa: You're right to say that—while it's not within this ministry's control of the Drive Clean program—it was an introduction made by the Conservative government years ago, which we eliminated since then, in this year. It is cost-neutral and it is revenue-neutral, going forward.

Mr. Michael Harris: You didn't eliminate the requirement to have a Drive Clean test; you just eliminated the fee.

Hon. Charles Sousa: Yes.

Mr. Michael Harris: But you were generating a significant surplus. It comes to your treasury, right? As a revenue-neutral program, you would agree that it's a cost recovery only. Correct? Generating revenue for a cost-recovery program is illegal, would it not be?

Hon. Charles Sousa: We have eliminated, and as you've cited, the fees are no longer there, and it is cost-neutral.

Mr. Michael Harris: Did you generate a surplus ever in a fiscal year on Drive Clean? Yes or no?

Hon. Charles Sousa: We'll have to ask environment.

Mr. Michael Harris: But you're the treasury. You collect the revenue.

Hon. Charles Sousa: But I'm telling you, it's cost-neutral and it's revenue-neutral and we have eliminated the fees, as we proceed forward.

Mr. Michael Harris: You're disagreeing with the Auditor General when they stated that you actually generated more revenue than what the program costs to operate? You remember the AG report—somebody has to remember that—talking about Drive Clean. Right? No?

The auditor told us that there would be \$50 million in profits. Does the government plan, in fact, on using that money—and have they—the surplus they generated, to actually waive the fees for Drive Clean for the next two years per se? Is that what they're using the surplus money for, so they can ultimately break even on revenues?

Hon. Charles Sousa: The purpose of the program is to ensure that we provide greater safety, elimination of emissions, improve the environment and the operation of those vehicles. The fees and the success of that program have enabled greater consumer safety in that regard. The elimination of the fees was made this year going forward. The degree of impact: It's cost-neutral.

Mr. Michael Harris: I recall documents, as part of the gas plant dump, that actually showed or had recommendations from bureaucrats suggesting that increases in fees to Drive Clean would be a potential area to generate more revenue for the government. This was at the same time that the program was actually running a surplus when it should have been running at a cost-recovery profit. I mean, somebody within the ministry here should be able to tell me numbers. Did the Drive Clean program actually run a surplus in any of the years over the last five years? Can someone tell me?

Hon. Charles Sousa: Since the introduction, what we did was keep about 335,000 tonnes of smog-causing pollutants from the air. That's what the Drive Clean program has done, and it has achieved its purpose. We know it must continue to look at those vehicles, and we're eliminating the fees as a result.

Mr. Michael Harris: Because you've run a significant surplus.

Again, Deputy, I'm going to ask you because you should have an idea of the numbers here. For this specific program, was there ever a surplus run in any of the fiscal years?

Mr. Scott Thompson: Actually, I don't have those numbers, Mr. Harris, because this is not a program of this ministry. It's not in our estimates. It's not something that we would know the program details of. I don't have staff here that—

Mr. Michael Harris: But it goes to general revenue at the end of the day.

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Mr. Scott Thompson: Yes.

Mr. Michael Harris: So can you provide, perhaps, if not now, to the committee—

Hon. Charles Sousa: It covers costs every year.

Mr. Michael Harris: —at a later time the specific line item for Drive Clean or whatever it is—the program itself for the last five years?

Mr. Scott Thompson: I don't think there is a line item for Drive Clean in our documents.

Mr. Michael Harris: All right. The program costs—

Mr. Scott Thompson: So you'd have to ask the Ministry of the Environment or Treasury Board Secretariat for that information.

Mr. Michael Harris: All right. We'll move on.

In the last two budgets you've spoken about the sharing economy, that the sharing economy is part of the new economy. I read recently the changes that FSCO will be making to the insurance side of things for ride sharing. You've talked about targeted consultations. Can you tell me specifically what you've done over last year's budget pertaining to the sharing economy?

Hon. Charles Sousa: We've established the Sharing Economy Advisory Committee, recognizing the importance of the impact to the economy as a result of these ride-sharing programs, home-sharing programs and a number of other application-facilitated businesses that are coming into the fold. It's not just any specific company that we are addressing; it's any number of competitors, including traditional businesses. What we want is to ensure that we level the playing field, protect consumers and workers, ensure compliance as it relates to tax and so forth and how we embrace an economy that's upon us.

The specific answer in respect to the insurance coverage of ride sharing: For example, a redefinition of "fleet" is being proposed to FSCO, enabling them to allow companies who participate in ride sharing, including traditional providers, the ability to offer insurance. It's incumbent upon the government to ensure that we protect consumers. That's why the definition of "fleet insurance" has been revised to include those who drive to source clients in their cars.

Mr. Michael Harris: So this advisory committee—you announced that last year?

Hon. Charles Sousa: We put it forward in this budget. We talked about it in our fall economic statement, and we—

Mr. Michael Harris: Has this advisory committee met? Who's on the committee?

Hon. Charles Sousa: Why don't you go ahead and tell them?

Mr. Scott Thompson: It's a committee of ADMs across government who are looking at the broad implications of the sharing economy and supports we could provide and measures we would need to take to incent, where appropriate, but probably more importantly, protect consumers who are engaging in new lines of business and new operations.

Mr. Michael Harris: Are there any private sector folks on this advisory committee, or is this just an inter-governmental thing?

Mr. Scott Thompson: The advisory committee, at this stage, is getting—we're doing lots of consultation, both specifically with certain companies in the sharing economy and more broadly with stakeholder groups. The committee itself is an internal committee to get the various government ministries aligned and coordinated in addressing the problem.

Hon. Charles Sousa: We have done a pilot with Airbnb, as you may be aware, in terms of the activities of the providers of home sharing, individuals who participate in a program, so that they understand the coverage necessary and the compliance of reporting their revenues. The committee recognizes the jurisdictional responsibility to municipalities that are involved in the ride-sharing components of licensing and so forth.

There is a chapter in the budget that highlights the principles of the committee's work relative to the pie chart of what it is that they should adhere to, and I can give you some of that as well. It's important for us to be apprised of the impacts that this will bring to our economy.

Mr. Michael Harris: Have you set any deadlines or timelines for the advisory group to bring forward recommendations?

Hon. Charles Sousa: I can tell you what we have in the budget. I'm just trying to find this component, which I think will be of some support.

Mr. Michael Harris: Forty-six, I think was the—

Mr. Scott Thompson: If I might, I'll just add to what I said before. The committee is developing an integrated strategy to help address the sharing economy. We fully realize that consultation is necessary, but we're trying to define the scope of this work. There will be a consultation phase that you'll be hearing more about in order for us to go public with ideas on an integrated strategy.

Hon. Charles Sousa: In the spring of 2016, consultations with the industry and the communities will be addressed. As I mentioned, we have the pilot on Airbnb. There's also a recognition of the financial impact it has on our economy. About US\$15 billion are engaged in the sharing economy today, and it's anticipated to go up to \$335 billion by 2025.

So, yes, we're trying to ensure that we are prepared for what this means for us.

Mr. Michael Harris: Just quickly, because I've got a minute left: The Ontario Trillium Foundation announced changes late on a Friday afternoon to the Trillium granting process, specifically pulling out of capital projects and redirecting it to Ontario150. Has your ministry been involved to any extent with—I guess that would be the sport and leisure ministry with regard to the Trillium Foundation at all?

Hon. Charles Sousa: Not the Trillium Trust—the Trillium Foundation.

Mr. Michael Harris: The Trillium Foundation—are you familiar with the Ontario150 program that's been set up?

Hon. Charles Sousa: I included parts of that in the budget, but those are decisions being made between—

Mr. Michael Harris: How much is the Ontario 150 fund? What is the dollar value available for—

Mr. Scott Thompson: I'd have to look that up.

Mr. Michael Harris: Could you provide that to the committee?

Hon. Charles Sousa: We'll get it for you in a moment.

Mr. Michael Harris: Okay, good. Thank you.

The Chair (Ms. Cheri DiNovo): Thank you. We now move on to the third party. Mr. Singh.

Mr. Jagmeet Singh: Thank you very much.

Good morning. How are you all? I hope you're doing well. It's good to see you. I'll put my timer on. Just a couple of questions for you—these aren't trick questions. I'm going to ask you a couple of questions that are pretty much yeses or noes.

Minister, do you agree with me that it is a law of Canada that you have to purchase auto insurance to drive a car here in Ontario? Is that true?

Hon. Charles Sousa: All members who drive cars have to have auto insurance.

Mr. Jagmeet Singh: Absolutely. It's a law. We have to purchase it. And because it's a law that we have to purchase it, do you agree that the government then has a responsibility to regulate it? Is that correct?

Hon. Charles Sousa: Enforcement of having insurance is a requirement, and people have to abide by it.

Mr. Jagmeet Singh: Right. And then the government also, in its wisdom, decided that because we're forcing people to purchase it, we should also make sure that it's regulated; is that correct? That is correct. I see that the deputy minister is nodding yes. Do you agree that that's pretty straightforward? It's not controversial. Is it a yes?

Hon. Charles Sousa: Relax, man, because what we're trying to do is—seriously.

Mr. Jagmeet Singh: We have a limited time here. If I had a lot of time, I'd take my time with you. Do you agree?

Hon. Charles Sousa: We obviously have insurance—

Mr. Jagmeet Singh: Minister, it's okay. The deputy minister can answer that; it's a yes. Right?

Hon. Charles Sousa: I'm going to answer the question, Madam Chair, if he allows me.

Mr. Jagmeet Singh: I asked the deputy minister, actually.

Deputy minister?

Mr. Scott Thompson: The minister is speaking; that's fine.

The Chair (Ms. Cheri DiNovo): We cannot compel a minister to answer your question. You can ask the question, but please don't speak over each other.

Minister, if you'll respond.

Hon. Charles Sousa: The line of questioning is around auto insurance and the ability for consumers to be protected. That's the priority of this government. When we're looking at ways to ensure that people are protected, we have been compelled to make it mandatory to have insurance. Everyone agrees, and everyone recognizes that.

Going forward, we recognize that there are some that are obviously providing—and we're not sure if insurance is being properly covered or not. That's why we're providing these measures, to ensure that everyone is protected when it comes to issues around ride sharing, for example, and the redefinition of “fleet” so that companies can get together and provide for proper coverage.

Mr. Jagmeet Singh: I hope the minister understands that this is all being recorded. I just asked a question. I'm not going to ask this question now, but I'm just saying that I just asked the question: Is it because we have a law in this land that we have to have auto insurance that it's now also the responsibility of the government to regulate this industry?

You didn't answer that question, but that's okay. I'm not asking a question right now, so you don't have to answer anything. I'm just pointing out that this is being recorded, and that was a very obvious question. You didn't answer that very basic question. It's kind of odd to me that you wouldn't answer that.

We have a regime in Ontario that it's mandatory to have auto insurance. The government regulates it and the government has the power to regulate it. The government, particularly the Ministry of Finance and FSCO, approve or disapprove any sorts of rate increases or decreases. This is all within the responsibilities of the government, of the Ministry of Finance.

Hon. Charles Sousa: I can—

Mr. Jagmeet Singh: That's not a question. I've not asked a question yet; I'm just stating some stuff.

It's interesting to note that in Canada, and particularly in Ontario—Ontario pays the highest auto insurance premiums in the entire country: 45% higher than Alberta, which is also a private insurance regime, and twice as high as the Maritime provinces. It's phenomenal. In addition to that, it's important to note that we have the lowest, if not one of the lowest, rate of fatalities in auto collisions. That's according to the average of the Conference Board of Canada. In addition, we have some of the lowest numbers of injuries from auto collisions. With these stats, it's even more stark that we're paying the highest auto insurance when we have the lowest fatality rates and when we have some of the lowest injury rates.

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In 2013, your government promised to reduce auto insurance by 15% in two years. The two-year deadline has well passed. We've passed that deadline, and let's keep something clear: The government was in power throughout this time. When there was a minority government, all the bills the government put forward passed. So when the government tries to claim that there were delays, all the government bills passed that you wanted to put forward. Despite that, the timeline for these two years has well passed and the government has only achieved 7%.

The government also claimed that this was always a stretch goal all along. To me, that indicates that the government had no intention of following through on this

promise, which is also very troubling. Despite this, on the other hand, the fact that we've not seen the 15% promised, the government slashed benefits in 2010, slashing the benefits that we receive as Ontarians. Before, there was a \$100,000 cap. That was reduced to \$50,000. And an additional cap was created which funnelled 80% of the people who were injured to a minor injury guideline, which is a \$3,500 cap. So more than 80% of people only get \$3,500; before, they could claim up to \$100,000. That was such a significant cost reduction that, overnight, the auto insurance industry enjoyed a \$1-billion reduction for that year. That cost reduction has gone on. It's not a one-time thing; it's going to continue because that's a hard-and-fast cap.

On top of that, the government has the audacity to reduce catastrophically injured individuals who once would be able to claim \$1 million for rehabilitation and \$1 million for attendant care—that was slashed by half, by 50%. They no longer can claim that. These are the most vulnerable people in our province. Their benefits were slashed.

Despite all of this, the insurance industry is enjoying record profits in this province—record significant profits. It's very clear that the government has made it a priority to ensure that the insurance industry receives record profits but the people of Ontario do not see any cost reductions.

We haven't been advised of any new timeline. The government has been in power since 2013. All the bills they wanted to pass were passed. In addition, the government has been in a majority position since 2014, and we still haven't seen the 15% reduction. You can't claim that this is because of any sort of opposition delay. The government has a full majority and is fully in power to implement any changes. We see that the trend of the changes that you're implementing are all cost reductions for the insurance companies, but no similar reductions for the people of Ontario.

One issue that has come to light is return on equity. The return on equity that this government set out to look into or investigate was set at 12%. That 12% amount was reduced by a colossal 1% to 11%. This is at a time when, if you go to a bank for a GIC, you'd be lucky if you get 2% on a GIC. At the same time, this government thinks it's appropriate to set the benchmark at 11% for insurance companies.

Keep in mind that this is an industry that's only running because we have to purchase this product. It's important to note that you created the climate where this industry enjoys record profits. They have record high premiums. You're slashing benefits that the consumer receives, and the premiums are not coming down. This, to me, is a colossal indication of this government prioritizing the insurance industry's profits over the people of Ontario, whether it's their premiums or whether it's their benefits.

In addition, the government has now put forward an initiative to reduce insurance rates for those who have winter tires. However, there's no clear indication how much the reduction is mandated—

The Chair (Ms. Cheri DiNovo): Mr. Singh, you have about a minute left.

Mr. Jagmeet Singh: Thank you. There's no clear indication of what that reduction is mandated on insurance companies. There's no clear indication that insurance companies have actually followed through on that reduction, and there is no benchmark for how much that reduction must be.

One of the issues that we look at in this auto insurance file is the profit. The government created or put forward a mandate to have a KPMG study look into the profits, and the KPMG report indicated that the industry was not enjoying profits. There was an independent report done by a York University professor in 2015 that indicated that the reports were—

The Chair (Ms. Cheri DiNovo): I'm afraid, Mr. Singh, we are out of time. We'll have to stop there.

Mr. Jagmeet Singh: Sure. Thank you.

The Chair (Ms. Cheri DiNovo): We will recess until 3:45 this afternoon, at which time we'll come back again. Thank you.

The committee recessed from 1015 to 1556.

The Chair (Ms. Cheri DiNovo): Yes, we are beginning. Good afternoon, members. We will now resume consideration of vote 1201 of the 2016-17 estimates of the Ministry of Finance.

When we recessed this morning, the third party had 11 minutes left in their rotation, so I will go to them now. Mr. Singh.

Mr. Jagmeet Singh: Thank you very much. Thank you to the ministers and the deputy minister for being here.

My question is this: In the summer of 2015, the Premier mentioned that the 15% reduction in auto insurance was always a stretch goal. Is this correct, in your opinion, first off, and, if you did realize that this was a stretch goal, when did you make that assessment that it was a stretch goal—if you did at all, because those were the Premier's words, not your words? So, first, is it true, and, secondly, when did you realize that it was a stretch goal?

Hon. Charles Sousa: I acknowledge that auto insurance rates are high, as the member has advised. I also agree with the member that auto rates and costs are going down. He noted 7%. It's actually an over 10% reduction, on average. He also noted that we have catastrophic insurance, and we are the only province that makes that available to \$1 million. No other province is as generous in respect to that.

Delays did occur as a result of the minority government having fallen, when they voted down the very measures that we were putting forward to further reduce auto insurance, which was delayed.

This regulated industry, which of course is regulated by FSCO—who is here today, and I can certainly have him up if he wishes to clarify that fact. But, going forward, it was always our intent, and continues to be, to have auto insurance reduced by 15% on average.

Mr. Jagmeet Singh: And in terms of the stretch goal, that's not your opinion, that it's a stretch goal? It's something that's achievable?

Hon. Charles Sousa: I believe if we had put forward the recommendations and the pieces of legislation that had been before this House—had they been done on a timely basis, we would have been able to achieve it. We will continue to do so.

Mr. Jagmeet Singh: Okay. Is there a new target now? The government has been in power with a majority government since the summer of 2014. Is there a new target date for when the 15% will be achieved?

Hon. Charles Sousa: We are ongoing. Right now, it's not about achieving a reduction at a point in time. It's establishing and initiating that reduction over time so as to provide the greater benefit to consumers, protecting them while giving them the better benefit of reduced costs. That's not a point in time; that's on an ongoing basis.

Mr. Jagmeet Singh: Just to clarify: Before, it was about a two-year time period to achieve the 15%. That was the initial promise. It's beyond the two years. But is there now a new target date to achieve at least the 15%, and then ongoing reductions will be welcomed, and that's great? Is there a date, though, to achieve that 15%, roughly?

Hon. Charles Sousa: As you rightly pointed out, because of the delays that occurred as a result of not passing through these pieces of legislation in a timely manner, the delay occurred in reducing some of the costs. Recognizing that, going forward, instituting these opportunities will provide for further reductions in costs, and it is our intent to make that sustainable over a period of time.

We recognize, too, that enabling this legislation and fostering some of the measures that were taken to correct the excessive costs will foster further reductions. And the fact of the matter is that there are many companies that have already reduced their rates by 15%.

Mr. Jagmeet Singh: Is there a timeline for achieving that 15%, or not specifically; there's no specific date in mind of achieving within a year or within two years? Is there any sort of timeline?

Hon. Charles Sousa: We intend to have a sustained period of lower rates, relative to what they were in the past, for the long term.

Mr. Jagmeet Singh: Okay. Now, in terms of some of the rate differential, I'm sure you're well aware that—in Woodbridge, Vaughan and Brampton—those areas, those neighbourhoods, pay about 40% more than the provincial average, which is already the highest in the country. Do you have any information or FSCO or ministry analysis around why that difference occurs?

Hon. Charles Sousa: Madam Chair, I'm going to bring up Alvaro, who has been handling this file, from the bureaucracy, recognizing that this is something that I've also asked.

The Chair (Ms. Cheri DiNovo): Could you just introduce yourself for Hansard before you begin to speak?

Mr. Alvaro del Castillo: Sure. My name is Alvaro del Castillo, I'm the acting assistant deputy minister of the

financial services policy division at the Ministry of Finance.

Mr. Jagmeet Singh: Excellent; welcome. Maybe I could just rephrase the question. I think it's appropriate to bring in the right people who are specialists in this particular field, so thank you, Minister, for bringing up the representative.

The question is that, one, there's a rate differential within the GTA, and certain communities pay considerably more than the provincial average. I've noted Brampton, Woodbridge and Vaughan as communities that pay about 40% more than the provincial average. We know that, in general, there are regional differences. Has the ministry or FSCO conducted any analysis with respect to that regional difference and why that occurs?

Mr. Alvaro del Castillo: Insurance companies have the ability of setting different regions for their rate-setting processes. Then, according to those regions, they use the experience that they have of claims in those regions to set rates. So the rates are fundamentally driven in each region by the claim experience of that insurance company in that region.

Mr. Jagmeet Singh: So that's what the insurance companies state, I'm well aware, and thank you for saying that.

Mr. Alvaro del Castillo: But I think all insurance companies use that.

Mr. Jagmeet Singh: Absolutely, but my question is: Does FSCO analyze that data and have any sort of information around that, in terms of the claims data that's different between Brampton, Vaughan, Woodbridge and downtown Toronto, or within the GTA, any of the disparity or any of the differences? Does FSCO do an independent analysis of the data they receive? Insurance companies state that there's an increased claim cost in certain regions. Does FSCO or does the ministry do any analysis of that data, or do you have any of that data?

Mr. Alvaro del Castillo: The Financial Services Commission of Ontario is responsible for overseeing the rate structure of individual companies.

Mr. Jagmeet Singh: Right.

Mr. Alvaro del Castillo: When an insurance company files for any rate changes, they have to provide FSCO with information in terms of the rates they're using—

Mr. Jagmeet Singh: Absolutely.

Mr. Alvaro del Castillo: —and the different regions that they're using and the different rates they apply for those regions. So it's an ongoing process at FSCO. I'm sure that Brian Mills, the superintendent of the Financial Services Commission of Ontario, can give you a bit more detail on that.

Mr. Jagmeet Singh: Sure. I guess the question is, if you think Mr. Mills would answer this question: Is there region-specific data? One is that an insurance company says, in my specific example, "I'm applying for a rate increase in this particular region." To support that, does FSCO have data to say, "Yes, in this region there are higher claims costs, and those claims costs are not as a result of, for example, more accidents; they're a result of,

perhaps, people who work in an industry where they might need more time off.” If you were a manual labourer, you might have to take more time off versus, if you’re in a professional sector, if you were injured, you might not need to take as much time off. To analyze that rate disparity, do you have some of that data to assess, on a region-by-region basis, what the cause is for that or what the reason is for that?

Mr. Alvaro del Castillo: I think you would have to ask FSCO and the superintendent whether they have that data. I suspect that they do.

Mr. Jagmeet Singh: Okay. Is someone here who would be able to answer that directly from FSCO?

Mr. Scott Thompson: Yes, Brian Mills is right—

Mr. Jagmeet Singh: Do you think it makes sense to ask him?

Mr. Scott Thompson: Yes, except I just leaned back and asked him, and he said he’s not sure. We can ask and see whether any of that information exists.

Mr. Jagmeet Singh: That would be great if you could follow up with any information with respect to that.

Mr. Scott Thompson: We will see what exists and what can be provided.

Mr. Jagmeet Singh: That would be great.

So, there was an amendment put forward that allowed for a discount to—I guess this is again directed back to the minister. You can direct it, obviously, onwards to whoever you think is appropriate. There was a discount that was applied for the use of winter tires, or there was a discount that was spoken about. That discount: Was it mandated at a particular percentage point, and how was that rolled out in terms of the actual implementation of that discount?

Hon. Charles Sousa: So on January 21, 2016, as noted, insurance companies have been required to offer a discount for the use of winter tires. I know we’re only into about four months of that initiative. The government made a policy decision to not set a mandatory level for the winter tire discount. Setting an exact discount would put a cap on the discount individual companies could offer and, of course, what we’re trying to do is enable greater savings for consumers by having a competitive product that would then initiate competition in the system to source those clients.

It’s still relatively new, in terms of a requirement. The average discount today is at about 5%, but in the future, insurance companies may compete even more for that market share by increasing their discounts even further.

Mr. Jagmeet Singh: Okay. And would it be fair to say that we’re relying on our market competition, but theoretically a company could offer as little as 0.01%, according to the way the rules are set out? It doesn’t require any guaranteed percentage. You mentioned that it’s about an average of 5%, but theoretically, a company could offer as little as 0.01%.

Hon. Charles Sousa: It’s a competitive market for everything, frankly. We’re trying to foster reductions in cost, winter tires being one means by which to initiate some of those reductions. As you’ve said, it’s about 5%

now that’s been anticipated, or has been made by some insurance companies.

It’s a competitive product, in fact. That’s why many consumers are calling around, fostering greater reductions, some even more than 15%, when they make those calls.

Mr. Jagmeet Singh: Okay. So as it stands, though, a company could offer as little as 0.01% because it’s not mandated. There’s no guideline that’s been provided for, you know, “You should be offering at least this much. We can’t tell you how much to offer in terms of a maximum, but there should be at least a couple of percentage points, 10%, 5%.” Because there’s no minimum mandate set, a company could offer as little as they want.

Hon. Charles Sousa: Even our reductions for the 15% are done in such a way as to encourage companies to foster those reductions based on reductions in cost. It’s dependent upon individual companies. As noted, some have reduced their rates by 15%; some have reduced their rates by 5% or more as a result of winter tire inclusions.

Mr. Jagmeet Singh: Okay. Another issue—

The Chair (Ms. Cheri DiNovo): Mr. Singh, you have just over one minute.

Mr. Jagmeet Singh: One minute. Okay.

Do you think that the 11% return-on-equity profit benchmark is an appropriate benchmark? I’d contend that it should be much lower, something more like 5%, given the current market conditions. Given what other investment products can earn, the 11% is far too high and is not accurately depicting the reality of the province, nor does it allow for the appropriate rate reductions. If we set the benchmark at something more appropriate, we could encourage more of the profit that the insurance industry is enjoying to be distributed back to the consumers so the premiums are lower.

What’s your response to that?

Hon. Charles Sousa: While the government doesn’t guarantee a certain level of profitability for any insurance company, certainly FSCO, the independent agency of the government, uses profitability as a benchmark when it evaluates those rate changes proposed by those companies. It’s only a benchmark; it’s not a profit guarantee by any means. The benchmark, as you may know, was set at 12%. That has been reduced to 11% based on a report by FSCO that was commissioned from two university professors: Professor Fred Lazar and, in 2014—

The Chair (Ms. Cheri DiNovo): I’m afraid we’re going to have to stop it there. Thank you, Minister. We now move to the government side for 20 minutes. Mr. Dong?

Mr. Han Dong: Thank you, Madam Chair. My question actually is for the Associate Minister of Finance.

Last week—I think it was last week—I met with the Harbord Village BIA from my riding. One of the directors owns several restaurants across the city. He came to me and specifically was asking about the ORPP and what kind of impact it will have on his business.

I know you’ve spent quite a bit of time doing consultations across the province. I just want to know, based on

what you heard and also your knowledge of the ORPP through staff in the ministry, what kind of business impact it will have to entrepreneurs, and when can they expect to see these changes coming forward?

Hon. Mitzie Hunter: We definitely have been doing consultations on the ORPP right across the province. We conducted over 10 consultation sessions in northern communities, in rural communities and in our largest cities. We received also over 1,000 responses to our consultation paper. We've been spending a lot of time with businesses of all sizes through their organizations, like the chambers of commerce and business groups.

We've been listening to business as it relates to the introduction of the ORPP. In fact, we know that what businesses have asked us for in a very direct way is that they want certainty. They want to know when these changes will affect them and they want to have time in which to plan. They need to get their systems ready; they need to communicate to employers. In some instances, for those that have collective bargaining, they might need to engage in those types of discussions.

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We also know that there are companies that have existing plans, and they want to be able to determine whether or not those plans meet the comparability. If they have to make changes to those plans, they might have a trustee or other form of decision-making that they would have to engage in.

What we've done, in terms of that response to business and giving them that time and that certainty that they need, is, we announced this year that we will be enrolling employers in stages, and that will be starting with the largest employers first, in fact, for enrolment as well as for contribution collections.

We've given a year, first, to begin enrolment, and then another year to begin making contributions. As of January 2017, those enrolments will begin, and then on January 1, 2018, contribution collections will begin for large and medium-sized employers.

It's important, especially with the conversation you've been having with the Harbord Village BIA, that they know that small businesses actually have even more time to plan. They would not begin until January 1, 2019, so they would have that amount of time.

For companies or organizations that have an existing plan that might not have been comparable, they will have until 2020 before they need to begin making contributions, so they have time to change their plan or to make the decision to be part of the ORPP.

We feel it's very important that we give that clarity to business, that we ensure they have time to prepare their systems and that they also have time to communicate to employees, because employees need to know what the benefits are of participating in this type of plan.

ORPP contributions will be tax-deductible for businesses, so this further eases the impact for them. It's important that they know this.

As well, we want to make sure that we get this information out as broadly as possible. The ORPP Administra-

tion Corp., which is the arm's-length entity that will be responsible for the administration of the plan, will be setting up a portal that employers can begin to engage in to do the verification process. They will be doing extensive education and awareness-building later on this year, starting in 2016, before they begin to do the enrolment in 2017.

So we are ensuring that we listen to business. We want to ease the impact of the ORPP. That's why we're doing the gradual phasing, as well. Not only are we enrolling in stages, but in terms of making contributions, we're starting at just 0.8%. That will gradually increase to the maximum of 1.9%, as well. That also gives businesses time to plan for the introduction, and we're making it as gradual as possible.

Mr. Han Dong: Thank you very much.

One question that I've heard repeatedly: Many large businesses, companies or corporations in Ontario already offer their employees some sort of pension. The concern with the introduction of the ORPP is, will these large businesses be leaving Ontario because of the ORPP? During your consultation, did you see any evidence that this should be a concern to the ministry?

Hon. Mitzie Hunter: We know that we're introducing the ORPP because two thirds of Ontario workers have no pension plan. When you look at younger workers, only one in four have a workplace-based pension plan. We also know that people are living longer, and people are actually fearful that they might outlive their savings.

If people retire without adequate income, that's not good for that individual, it's not good for business, and it's actually not good for the economy as a whole.

The purpose of having a workplace-based pension plan such as the ORPP that will supplement the CPP is to ensure that people have adequacy when they retire. If they have that predictable stream of income for life, they will continue to spend into their retirement years, which is definitely good for the individual, but also for business and for Ontario's economy as a whole. The Conference Board of Canada has done a cost-benefit analysis of the ORPP and its impacts and really has found that the introduction of the ORPP, particularly in the long run, will be good for Ontario and for the economy as a whole.

We've done a lot of work as a government in the past decade to ensure that Ontario remains a competitive jurisdiction. You've heard Minister Sousa and the Premier talk quite often about Ontario being the number one destination in North America for foreign direct investment. That means that companies really see this jurisdiction as competitive and they want to locate here.

We have the lowest corporate tax rates amongst our competitors. We also have brought in the HST, which makes that simpler for businesses as well.

We have also reduced and continue to reduce the regulatory burden on businesses. We've actually, since 2008, reduced it by 17%. When we talk to businesses, in particular small businesses, they have told us that that's the biggest impact—ensuring that we reduce that regulatory burden and get those costs out of their organizations.

That's something that we're doing, so we're listening, as a whole.

As it relates to the ORPP, one of the things that businesses have to think about is the competition for talent. I know that small businesses, particularly, who may not be able to afford to set up a plan on their own, could potentially lose talent to larger organizations and companies. Having retirement security is another way to attract good talent and to retain them, because they know they have something that they're putting away for retirement and they have that confidence.

We would actually look to that confidence spreading throughout the economy and really seeing Ontario's economy being positively impacted by the ORPP. We're very committed to a strong business environment. Our focus is to ensure that we invest in the skills and talents of our people and to ensure that when they are working, they are able to put away some of that income for the time when they can no longer work.

Mr. Han Dong: Thank you. You mentioned a cost-benefit analysis. I know that, last session, our government committed to a cost-benefit analysis of the Ontario Retirement Pension Plan. Personally, I believe that having income security when you retire is really beneficial for the economy, whether you look at the community base, municipal base or provincial base. Can you share with the committee some of the findings from that cost-benefit analysis?

Hon. Mitzie Hunter: Our top priority is ensuring that after a lifetime of working, Ontarians can achieve a secure retirement. Our goal with the ORPP is to ensure that by 2020, all workers in Ontario will either be part of the ORPP or a comparable workplace-based pension plan.

In December 2015, we received the Conference Board of Canada's cost-benefit analysis of the ORPP. This was something that we had committed to in legislation. It was actually requested from our parties opposite. This analysis was very clear. If you look at all factors, it shows that Ontarians and the economy are better off with the ORPP.

The report findings reinforce earlier analysis that was done by David Dodge, who had looked at the supplemental plan and said that in the short term there might be some factors that we have to address—which we are doing by the staging and the very gradual enrolment of the ORPP—but in the long run, he definitely concludes that the ORPP would be advantageous.

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The report found that the ORPP will have a long-term positive impact on the economy, adding \$39 billion in GDP. When factoring in reductions, such as the EI and WSIB premiums, which will be reduced, disposable income will be \$63.3 billion higher than the base case of Ontario's economy.

It really shows, with the ORPP, people having that increased opportunity to continue to spend in their retirement. That predictable stream of income for life has a very positive effect on Ontario's economy overall.

It also looks at lower management fees associated with the ORPP. It will save middle-income individuals upwards of 43% on their investments over 40 years.

When we look at the benefits of this type of plan, which pools the investment risk and the longevity risk, it really shows that it's a very efficient way for people to save for retirement.

The ORPP will have more than four million members who will be part of the plan. Over 450,000 companies will be part of this plan. Annual contributions, when it's fully implemented, will be around \$6 billion.

The ORPP Administration Corp. will be responsible for all aspects of the administration. It'll have a professionally managed board of directors. They will be responsible for the investment strategy, because we have to remember that these funds are going to be invested as well; part of the benefits that people will receive will be as a result of those investments. The strength of the pooling of the investment risk in this type of plan is advantageous as well.

It's a way for us to ensure that people have adequacy in retirement, that they have a strong retirement savings floor and that when they retire they will have income coming in.

The Chair (Ms. Cheri DiNovo): Mr. Dong?

Mr. Han Dong: How many minutes do we have left?

The Chair (Ms. Cheri DiNovo): We have about six.

Mr. Han Dong: Okay, I'll pass it on to my colleague.

The Chair (Ms. Cheri DiNovo): Ms. Kiwala?

Ms. Sophie Kiwala: Thank you, Madam Chair.

Thank you once again for being here today and answering our questions on the ORPP.

Personally, as a former business owner, I was very pleased to see the budget affirm our commitment to enhancing retirement security. One of the things that became astoundingly clear to me when I was working in the federal constituency office was how challenging it is for many people who retire and only have CPP benefits. As we know, most of those benefits are in the lower range, not in the higher range: just hovering around the \$6,000 mark.

Many people I have spoken to in my constituency of Kingston and the Islands have been very concerned about their future. They know how hard it is to save for retirement. The world of work is absolutely changing, and a growing number of younger workers are not contributing to a pension plan. That access is just not there at all.

Residents in my riding are wanting to know that their grandchildren and their children will be able to retire with dignity. This was something that came up for me during the election—repeatedly, in fact. They would like to know that they can retire and have that financial security in their future.

I know that you've made a lot of progress on the development of the plan over the last many months, and I was very appreciative to have you come to my riding to deliver comments and take feedback from the consultation on the white paper.

I'm just wondering if you can highlight some of the milestones that the government has achieved on the ORPP.

Hon. Mitzie Hunter: Thank you, and thank you for hosting our first official consultation as it related to the release of our paper.

Over the past year, we've made significant progress in our commitment to building a strong and secure retirement income system for the people of Ontario. Our goal, as I've stated, is for all Ontario employees to be part of the ORPP or a comparable workplace-based pension plan by 2020.

In 2015, our government passed the Ontario Retirement Pension Plan Act, 2015 and also the Ontario Retirement Pension Plan Administration Corporation Act, 2015. This was very critical for us. In particular, the ORPP Act, 2015 was the foundation legislation for the setting up of the ORPP. Part of that conveyed certain principles, such as funds being held in trust for the members of the plan; that it would not form part of a government's consolidated revenues and that we would aim to make this an efficient and effective plan, drawing on the strengths of the very strong public plans that we have here in Ontario. Some of the world's leading public plans are right here in Ontario, and we would draw on lessons learned by and work with that particular sector.

I'm very pleased, in this work, that we've had great advice, like from David Dodge, a former governor of the Bank of Canada, and Michael Nobrega, who's the former CEO of OMERS. We have drawn on many expert advisers, whether it's in the actuarial space, in the legal space and in other space, because it is a complex undertaking to set up a plan such as this. But with the support of the sector and the great work done by the ministry, we believe that we have put forward a very solid plan.

As you know, last week we tabled the legislation for the ORPP Act (Strengthening Retirement Security for Ontarians), 2016. That enshrines the key design features of the plan in legislation and allows us to move forward with the implementation of the ORPP, should that legislation pass. This is certainly a major milestone.

We have excellent leadership that is part of the ORPP AC. The initial board of directors is being chaired by Susan Wolburgh Jenah. Murray Gold and Richard Nesbitt are also part of that initial board of directors. They all bring a unique perspective when it comes to the ORPP AC and are working very hard towards making sure that we implement the plan in the time that we have set out to do.

This is building on all that we've heard from consultations, starting out in Kingston and right across this province. You really touched on why this plan is needed. When you talk to people, even people who have plans, they are worried about their children and their grandchildren, because we know that one in four young workers have a plan—

The Chair (Ms. Cheri DiNovo): If you could wrap up, Associate Minister. There are just a few seconds left.

Hon. Mitzie Hunter: We know that when people retire, they deserve to retire in dignity. Thank you for that question.

The Chair (Ms. Cheri DiNovo): Thank you, Minister. We now move on to the official opposition. Mr. Fedeli.

Mr. Victor Fedeli: Good afternoon, everybody. Minister, last week we spent time talking about how the Hydro One money was used for pre-announced infrastructure. Today, I want to spend a little bit of time talking about the cap-and-trade revenue.

In October of 2015, the government released their discussion paper on cap-and-trade. It was the first details—the design paper, if you will—that came out. Overall, the discussion paper outlined a five-year plan aimed at reducing emissions 15% over the 1990 levels by 2020.

The strategy said that the money would be used to fund green initiatives, but businesses and environmental groups, for that matter, agree that that needed to be made clear, perhaps even legislated, to ensure the cash didn't flow into general operating revenue. At the end of the paper, they announced that the cost of the climate change strategy was unclear. That was in October 2015. When they announced that the cost wasn't clear at that time, is that accurate?

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Hon. Charles Sousa: To propose the degree of cap-and-trade receipts over this period of time to be reinvested as prescribed by the piece of legislation that has just been made is to be determined as we proceed, as to how the market will engage in those transactions. But that's our estimates as to what will be achieved.

Mr. Victor Fedeli: When they came out at the end of October, they announced that the cost was unclear at the time. They had no financial information on the cap-and-trade program at the end of October. Is that accurate?

Hon. Charles Sousa: The government has—as well as many stakeholders, as well as other jurisdictions in North America, including Quebec and California, which we've been engaged with—a determination as to what this would be, and that is how we've been assessing our proposal.

Mr. Victor Fedeli: So when the minister announced that they were unclear with any financial information, he was being inaccurate?

Hon. Charles Sousa: You'll have to ask the minister specifically what he was getting at.

What we've achieved and what we've assessed is the benefits of this process for a new low-carbon economy, the impact it would have in our relations with taking a leadership role—would have positive economic effects. We estimate, and we've budgeted, that it would be around \$1.8 billion to \$1.9 billion in additional revenues, and we've actually taken and prescribed all of those revenues for the reinvestment into lowering emissions as is prescribed and as is required in the funds that we put forward, and we took an advance of \$325 million with the green fund to enable some of those companies to facilitate in that transition period.

Mr. Victor Fedeli: We already saw that the government is taking money from the sale of Hydro One and

using it to balance the budget. We talked about that extensively last week, and of course that was outlined and revealed, first of all, in the 2015 fall economic statement and then in the 2016 budget. We know that because money from the asset sale was listed in revenue and the amount of infrastructure announced back in 2014 remained ostensibly unchanged. It seems you're at it again with the cap-and-trade file.

I'll ask you the same question that I asked you about hydro last week. Can you guarantee that not a single dollar from cap-and-trade will go to pay for already budgeted projects outside of the Green Investment Fund?

Hon. Charles Sousa: We are not relying on the repurposing of assets to balance the books. Our total budget will be close to \$140 billion on an ongoing basis. The ability to come to balance is as a result of many factors that we have going forward. The transformation of those assets is to reinvest in new infrastructure projects—we made that clear—as well as to pay off debt to the tune of \$5 billion, to those specific associated assets and their liabilities.

With respect to cap-and-trade, it is also very clear that the proceeds must be used to the prescribed areas to further reduce carbon emissions, and it has proven to be appropriate in other jurisdictions, and it is something that is recognized as being effective. We recognize that other jurisdictions have used carbon pricing. They've offset some of those pricings with film tax credits and other grants. We need to ensure that these funds go to reduce carbon emissions, promote the new low-carbon economy and protect a more effective environment, and that's very clear in terms of how it's laid out.

Mr. Victor Fedeli: That's a wonderful statement and very aspirational, Minister, but not very operational considering your own fall economic statement, your own budget—and quite frankly, last week in committee the Financial Accountability Officer would question that, and that doesn't seem to be what all of the evidence will bear.

When you look at page 106 of the fall economic statement, it reveals that the proceeds from the cap-and-trade system go directly into general revenue. In fact, at the time of the fall economic statement, it was \$300 million in 2016 and \$1.3 billion in 2017-18, so a total of—at that time, which grew in the budget—\$1.6 billion of revenue changes in the 2015 budget. It's called "Preliminary projected cap-and-trade proceeds." So you've got \$1.6 billion that you're now putting into revenue.

As we go back to page 99, those new revenue numbers, which include cap-and-trade as part of the revenue, are now listed here under "Revenue," which, when you take the expenses that you've forecast as well, is how you've come to balance for 2017-18.

Much like you did with the Hydro One revenue, you put it into general revenue, where you have the \$130 billion of infrastructure already budgeted for, already accounted for, so ostensibly you put this money against the transit and infrastructure but take the transit and infrastructure money that was already budgeted out and use that to balance.

So I ask you, again, a relatively simple question: Will any of the cap-and-trade dollars go towards any projects that you have already announced?

Hon. Charles Sousa: Your assertions are incorrect. The actual display of revenues that were estimated in the fall economic statement, and the results that have occurred in the budget of 2016, lay out the fact that we advanced \$325 million towards expenses, actually lowering our overall revenues the opposite way, as opposed to what you're suggesting. The funds are actually being—

Mr. Victor Fedeli: Well, \$325 million is a long way away from \$1.6 billion.

Hon. Charles Sousa: No, no. Those funds have not been realized. What has been realized is that we've expended \$325 million against cap-and-trade without any proceeds being attributed to the budget, and we still beat our targets substantively. Why? Because we've restructured and we've found savings, we've improved revenues through economic growth because of the stimulus that we've put in place, and we've controlled our expenses effectively. Without having any receipts from assets and/or cap-and-trade, we're still beating our targets, and, going forward, all those proceeds are dedicated, prescribed, to be reinvested in new projects to lower overall emissions.

Mr. Victor Fedeli: Well, that's quite different, Minister—again, very aspirational to hear, but sadly not operational. What you're suggesting is quite different than what was actually in your budget with respect to where your revenues were and how you achieved those revenues. Certainly, we know that there were plenty of one-time revenues put into your budget, including the hot Toronto real estate market, so we understand that.

We understand that you have talking points to stick to. Sadly, they don't line up with the reality of what the Financial Accountability Officer tells us on a week-by-week, month-by-month basis. We have appreciated his analysis of where the Hydro One money was going to. You remember I read that into the record actually several times last week, where he talked about the fact that "the initial 15% sale of Hydro One would significantly reduce the province's deficit in 2015-16," which it did. "In years following the sale of 60% of Hydro One, the province's budget balance would be worse than it would have been without the sale."

Last week, in the Bill 172 committee, the Financial Accountability Officer took it upon himself to show up and make a deputation at the committee to basically tell us the facts, because we're certainly not getting them in the Legislature.

As we leave the fall economic statement and see the budget four months later, the budget showed an even greater take for the government. The cap-and-trade is expected to now bring in \$1.9 billion in 2017-18, \$600 million more than forecast. The bottom line is that the government is playing precisely the same shell game with cap-and-trade revenues as they did with the revenue from the sale of Hydro One. They are using it to pay for already budgeted items and using those previously earmarked funds to lower the deficit.

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I want to ask you again: Will a single dollar from cap-and-trade go towards the Hamilton or Kitchener or Ottawa LRTs or the GO train upgrades or any of the previously announced programs?

Hon. Charles Sousa: Your assertions are incorrect.

Mr. Victor Fedeli: I'll share that with the Financial Accountability Officer.

Hon. Charles Sousa: The assertions that you make, I'm sorry, are incorrect.

We recognize and appreciate the work that the Financial Accountability Officer is doing in recognizing the sensitivities with respect to economic growth and recognizing the impacts of some of our proposals going forward. As we take that under advisement, we also recognize, as does he, that we have overachieved on those very matters.

In respect to your assertions, though, you have stated something that hasn't happened and that is not happening. We are not relying on our assets that we are repurposing; we are relying on them to reinvest them into new assets.

The proceeds from the cap-and-trade are fully designed and prescribed to be put for new investments to reduce overall emissions, and we've advanced that by \$325 million in this budget already.

Mr. Victor Fedeli: Let's talk about that, then. I remember when the Hydro One shell game was played. I remember bringing Bill 144 to the Legislature—

The Chair (Ms. Cheri DiNovo): You should direct your questions to the minister.

Mr. Victor Fedeli: Oh, this is not like in the chamber?

The Chair (Ms. Cheri DiNovo): No, this is not like in the Legislature.

Mr. Victor Fedeli: Bill 144 had a really interesting roundabout way to get money already spent and/or allocated out of Hydro One and into reimbursing the government. That was the one line that I presented many times last week: that the government was able to be reimbursed for monies already spent.

You did the same thing here, if you'll allow me, on the cap-and-trade bill, Bill 172. Around the bottom of page 47, it runs the same playbook here. It says, under item 68—and you'll have to remember item 68, because the Financial Accountability Officer is going to spend a tremendous amount of time talking about that. Under "Authorized expenditures," section 68 states:

"(2) Amounts not exceeding the balance" can be "paid out of the Consolidated Revenue Fund for the following purposes...."

"2. To fund, directly or indirectly, costs relating to initiatives described in schedule 1...."

So that's how you can use the cap-and-trade money.

A couple of pages later, we'll go to schedule 1, and now we understand that you can use the money for initiatives relating to the reduction of greenhouse gas from transportation including public transit vehicles and infrastructure. So now we know that you can use the money from the cap-and-trade—an authorized expenditure is public transit and infrastructure.

Then, you go to paragraph 3, and it says that you can "reimburse the crown for expenditures incurred by the crown" for any of those items that were described. It's the same shell game. You accept the money; you put it in the bank; you can transfer it to pay for transit or infrastructure. But that one little sentence is the same sentence that you used to facilitate the Hydro One—it is to reimburse the crown for expenditures already incurred by the crown.

How do you justify that sentence, if not, indeed, to use the money precisely as I've outlined—that you've done it again: You build one of the \$130-billion, previously announced transit projects, and then you use the cap-and-trade money to reimburse the government for funds that were already budgeted for that project?

Hon. Charles Sousa: Madam Chair, I think the member fails to recognize that while we're doing these initiatives, we've stated very clearly that they are to be used to reinvest in infrastructure projects. With respect to the repurposing of assets, we've increased incrementally, accordingly, those investments. When it comes to cap-and-trade, the member just cited the fact that projects that are being proposed to reduce overall emissions, to invest in those initiatives that create a greater benefit for our environment—that's what these proceeds would be used for. Some of them will be housing; some of them will be transportation; some of them would be refits—there are a number of initiatives that are required. Again, the member just noted that we've increased incrementally our overall investment in infrastructure to \$160 billion over 12 years. Year over year, those changes have, accordingly, gone up.

I'm not sure, Deputy—did you want to add something?

Mr. Scott Thompson: This has come up a couple of times now, and I'm hoping I can add some clarity to the fact that it's simply the way that government expenses and accounting work. We're talking about two different cases where we're dedicating funds. When you dedicate funds and you allocate them for a certain purpose—you mentioned different ministries, different types of projects. They're going to be undertaking that work; they're going to be spending that money. Those ministries then need to be reimbursed from the dedicated funds, and that's what this allows to happen.

Mr. Victor Fedeli: That's not quite as the Financial Accountability Officer sees it. We'll talk about that, if I have another 20 minutes today, a little later. We'll get to that.

You are sitting here, trying to tell this committee that you will not spend any of the cap-and-trade money on projects—whether it's transit vehicles, which are allowed, or infrastructure, which is allowed—that was already budgeted for or already announced. This is what your deputation here is today.

Hon. Charles Sousa: The requirement to use those funds will be fully prescribed, as is being now debated before committee, for the purposes of reducing emissions.

Mr. Victor Fedeli: Of course it'll be done like that; you're passing a bill that allows you to pay yourself back. Of course you'll be respecting all of the laws; you make them. You make them as you go along, as a matter of fact. We saw it with Hydro One, where the money, by law, was not able to be used—

The Chair (Ms. Cheri DiNovo): Mr. Fedeli, you have just under a minute.

Mr. Victor Fedeli: Thank you. Oh, I have under a minute?

Under Hydro One, where the law stated that you could not use the funds for any other purpose than paying the mortgage, if you will, on hydro, you changed the law. You snapped your fingers and used your majority. You changed the law, and that money can be taken out of Hydro One and put for other uses. We saw you do that. That was awful, by the way, to see that your majority was used to do that. Then you stifled the Financial Accountability Officer, the Auditor General and all eight officers of the Legislature from seeing any of the inside track on how you're doing these things. You did that at Hydro One, and now, according to the Financial Accountability Officer, who I said was here last week at the Bill 172 committee, basically is saying the same thing: You're stifling him from getting his hand on information.

The Chair (Ms. Cheri DiNovo): I'm afraid you're out of time now, Mr. Fedeli.

We now move to the third party: 20 minutes for Ms. Fife.

Ms. Catherine Fife: I just wanted to finish a couple of issues that we talked about this morning.

One of them, of course, had to do with the funding of infrastructure. I had asked you, and I had gone through several budgets—I'm not going to read it all back into the record. But we have taken notice, through public accounts, that the government has not spent \$4.4 billion on infrastructure that was promised in previous budgets. I asked you at the time: Instead of selling off Hydro One to pay for infrastructure, why didn't the government simply spend the \$4.4 billion it had already budgeted? The minister responded by saying that, instead of borrowing more money, you saw the optimization of selling off assets. You can correct your record, if that's—that's what I heard you say.

I wanted to touch on the fact that the government does actually have very competitive borrowing rates in the province of Ontario. There's a disconnect here between the argument for selling off 60% of Hydro One for dedicated infrastructure investment when the government isn't even spending the \$4.4 billion that you had already allocated. You certainly didn't have a mandate from the people of this province—85% of the people of Ontario don't want you to sell off Hydro One.

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You had mentioned this morning, Minister, that you've built prudence into the budget. Isn't it prudent to keep a revenue-generating asset for infrastructure investment, going forward?

Hon. Charles Sousa: Yes, I think that it's prudent for us to maximize the value of our assets to generate the benefit to taxpayers with respect to those assets.

One particular asset was not performing to its potential. That's why it has been reinvented, so to speak, by having a new board and new executives as well as a change in ownership to ensure greater discipline in that operation. At the same time, we're reinvesting an asset that was generating a modest amount to the taxpayer into assets that will generate over 30% to 35% more, which is, in fact, more prudent.

Ms. Catherine Fife: But the Financial Accountability Officer, in reviewing the sell-off of Hydro One—his mandate is to predict and estimate the impact of this sale on the people of this province—cited very clearly in his report that, once 60% of Hydro One is sold off, there will be “an ongoing negative impact on budget balance from forgone net income and payments-in-lieu of taxes from Hydro One.” He predicted that, after 2018, each subsequent year there will be a reduction in revenue of between \$300 million and \$500 million.

That's the disconnect in this argument that we keep bringing to the Ministry of Finance.

Hon. Charles Sousa: It's an important comment. It's also important to note that the FAO did not comment on the mitigation of that or the offsets. The forgone revenue is an issue that we took into consideration. Offsetting that is the reduction of close to \$200 million in interest on debt that is now not going to be incurred. Right now, it's over \$100 million to date because of the two tranches that have been had.

Furthermore, the FAO did not take into consideration the reinvestment potential of those to offset the forgone revenue. Furthermore, he did not comment on the improved performance of this company, which is already evident today.

All of those will have a net benefit to the province, and we will continue to make the appropriate investments necessary with some of the repurposing of these assets. Many of the assets that we're talking about are non-productive: real estate, some passive shares that are owned—all of which are going to be used for, and be implemented into, the Trillium Trust. To date, we have not invested those funds because of the process of inclusion into the Trillium Trust.

Ms. Catherine Fife: Minister, Hydro One brought in almost \$1 billion of revenue. That's a lot of revenue, and it's a stable source of revenue. I gave you a direct quote from the FAO where he did predict the negative impact on budget balance and forgone net income and payments-in-lieu.

There is a disconnect here between what the Financial Accountability Officer reported to the Legislature and what you tell us. It's a gamble. You're gambling with revenue.

Hon. Charles Sousa: The FAO also noted that he did a assessment of what this transaction would be. You're citing the point at which it was at the low end. We actually achieved much greater revenue than he antici-

pated in his report. Furthermore, he did cite the fact that he did not go to the next step, which is exactly what we're outlining in this budget.

Ms. Catherine Fife: The FAO predicted that it could net as little as \$1.4 billion, going forward.

Hon. Charles Sousa: And we well overachieved that, because we've already got \$3 billion in gain. I could cite—

Ms. Catherine Fife: Minister, the entire rationale that you gave to this Legislature was the \$4.4 billion that you haven't spent in—

Hon. Charles Sousa: The transaction is still under way. We haven't completed the second tranche. In the end, it will be about \$4 billion in net gain that will be used for the Trillium Trust; \$5 billion will be used to pay down debt. I can certainly cite the activities to date as to where it stands, but it's well beyond even what the FAO had expected.

Ms. Catherine Fife: The entire rationale for the sell-off of Hydro One, for which your government had no mandate to do and that 85% of the people of this province do not want you to follow through on—it's a risky venture that you've put forward. You've rationalized this decision by saying that you're going to invest it solely in infrastructure when you're not even spending the money that you've had in the last three budgets. We're going to have to disagree on that, and I guess we'll wait for the next FAO report.

I do want to move on to another issue, though. The issue of the Trillium Trust, which my colleague has already brought up, is, I think, an issue of trust. I mean, it's not just the PC Party and the NDP who are raising issues around how the sale of assets is being funnelled through the Trillium Trust, how that money is going to be allocated, and the flexibility that the government has in that regard. So I do want to get you on the record on a number of issues.

My question to you with regard to the Trillium Trust has to do with what expenditures—so these are specific projects or programs—have already been authorized or will be authorized in fiscal 2016-17 with respect to the Trillium Trust, and what is the value of those expenditures?

Hon. Charles Sousa: I think we have it outlined in the estimates book of how much has actually already been spent with Trillium Trust. To date, we have about—if I could call someone up—\$1.35 billion in proceeds into the trust as a result of the GM shares, and there have been minor costs associated with that to date.

Ms. Catherine Fife: Are we going to get a little bit more detail?

Hon. Charles Sousa: I'm not sure, but that's kind of where we're at, I think.

Mr. Scott Thompson: There's \$1.3 billion already in from the GM shares, into the Trillium Trust.

Hon. Charles Sousa: And very modest costs have been incurred.

Ms. Catherine Fife: And the specific projects?

Mr. Scott Thompson: Those projects haven't been allocated yet. That's why the amount that is shown in the

estimates is a placeholder at this point. But the types of projects would be transit projects. The Trillium Trust, I think, is allocated towards primarily transit projects in the GTHA. Outside, in other parts of the province, I think it can be other transportation projects. It's a subcomponent of the Moving Ontario Forward program.

Ms. Catherine Fife: And this will be easily accessed by the people of the province, so that they can see where this money directly is going?

Mr. Scott Thompson: Public accounts would—

Hon. Charles Sousa: Yes.

Ms. Catherine Fife: At the end of the year, though. What I'm trying to get to is, where is the direct allocation right now for it? I mean, you've mentioned the GTHA. Is the Eglinton Crosstown included in that? Will that be an LRT in another jurisdiction?

Hon. Charles Sousa: Well, there are quite a number of projects being proposed, as outlined in the budget already. Our commitment to the trust is for those projects that are coming forward.

Ms. Catherine Fife: Can the government guarantee that all Hydro One cash proceeds will be used to pay for new infrastructure projects and not those that have already been funded prior to receiving revenues that are recognized in the Trillium Trust?

Hon. Charles Sousa: The funding of the projects that are being proposed going forward will be a combination of—I mean, contrary to your point, we have spent \$10 billion and \$11 billion last year and the year before that and going forward.

Ms. Catherine Fife: But you also didn't spend \$4.4 billion.

Hon. Charles Sousa: As we proceed forward, those projects will be funded through the combination of our positions of debt as well as the repurposing of the assets that we are instituting in the Trillium Trust.

Ms. Catherine Fife: So you can't—

Hon. Charles Sousa: On page 90, we state very clearly that we will draw down on the balance of the Trillium Trust in 2016-17 to support the largest investment—as we've stated—moving forward, including regional express rail, the Hurontario light rail and the Ontario Community Infrastructure Fund, which we made permanent going forward.

Ms. Catherine Fife: Can the government also guarantee that all revenues from the cap-and-trade system will be spent on new initiatives to reduce greenhouse gases and not on initiatives that have already been funded prior to receiving revenues that are recognized in the Trillium Trust?

Hon. Charles Sousa: As is being debated right now, I believe, in a committee, those funds will be outlined and prescribed as to where they may need to go in order to reduce our emissions going forward. Some of it will include new transportation that reduces emissions that qualify within the program.

Ms. Catherine Fife: But you can't go back retroactively and—

Hon. Charles Sousa: That's not what we're doing. The funds are still being proposed.

Ms. Catherine Fife: Because the legislation allows for it. That's what I'm asking.

Hon. Charles Sousa: The debate will be done within committee, within that work.

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Ms. Catherine Fife: Well, I mean, I have you right here. You can set the record straight. Will the government use the cap-and-trade funding to retroactively fund projects that are already started or mid-completion?

Hon. Charles Sousa: I don't believe that that's how it's being written. Going forward, what we have is proceeds—in fact, we've already advanced \$325 million towards those programs, which would then be reimbursed through the cap-and-trade proceeds, going forward.

Ms. Catherine Fife: Once again, though, we have the Financial Accountability Officer, who has said that he cannot determine whether the cap-and-trade revenue will be spent on new or existing initiatives. That is why you're here: for us to find out and get a testimonial from you. Will the minister commit to providing the Financial Accountability Officer with the information he needs to be able to say for sure? Because that did not happen with regard to the sell-off of Hydro One.

Hon. Charles Sousa: We've been very clear with Hydro One that the net proceeds will go to the Trillium Trust to fund projects, going forward. We also cited—there are two things. One, the FAO can't comment on something that hasn't been legislated and that's been proposed and is being debated now. Furthermore, we have put \$325 million of new monies in advance of the proceeds of cap-and-trade, which would then be reimbursed as we go forward.

Ms. Catherine Fife: I should clarify. What I was asking was, will you provide the information that the FAO needs to be able to say for sure and to be able to report back to the people of this province? Because that did not happen when he was asking for information from the government around the Hydro One sale. There was a level of non-co-operation from the ministries.

Hon. Charles Sousa: No, we co-operated fully.

Ms. Catherine Fife: No, you didn't.

Hon. Charles Sousa: What you're citing now is something that you agreed to, as did the other party, in respect to the duties of confidentiality of cabinet, and that is something that we must abide by.

Ms. Catherine Fife: No, no. You, the government, had said—

Hon. Charles Sousa: And you agreed to doing that as well in your passage of the bill.

Ms. Catherine Fife: The government had said that they could make a business case for the sell-off of Hydro One. The Financial Accountability Officer sought out the information to validate the business case of the government, and your government cited confidentiality of cabinet in order to do that.

When we are talking about a public asset and we are talking about the revenue streams being compromised,

that will compromise the funding of public education, health care and infrastructure, going forward.

Hon. Charles Sousa: The results speak for themselves. We're increasing more funding for health care, more funding for education, more funding for social programs in this budget, and we've exceeded the expectations of the FAO with the transaction of Hydro One. And we respected the duties of confidentiality, which this entire Legislative Assembly agreed to do. It's a bill that was passed with your concurrence.

Ms. Catherine Fife: So you are overachieving on all of these factors. Is that what you're saying?

I'm going to move to budget balance, Madam Chair. According to the independent Financial Accountability Officer's assessment of the 2016 budget, your government's plan continues to rely on relatively optimistic assumptions for revenue growth, combined with aggressive plans to limit the growth in program spending.

The revenue for the 2016 budget: We saw that the total revenue was \$2.2 billion above the 2015 budget forecast, with 50% of that increase due to the sale of Hydro One.

The 2016 budget—this was cited on page 268—also states that the government “remains on track in its multi-year asset optimization initiative to generate \$5.7 billion over time.” That's a direct quote.

Can you please explicitly state on the record what assets will be sold from now until 2017-18 and how much cash they are expected to generate?

Hon. Charles Sousa: I can say that what we've identified in the budget as to the respective projects is the ones that we are looking at in terms of putting forward. That includes Seaton properties, the Lakeview property, head office of the OPG, the head office of the LCBO, and the final tranches from Hydro One. That's all that's being proposed.

Ms. Catherine Fife: A sensitivity analysis from both the 2015 and 2016 budgets shows that there is nearly a \$900-million revenue change for each percentage point change in the nominal GDP growth. The 2016 budget assumes nominal GDP growth slightly above that of private sector economists, like RBC for example. What happens if nominal GDP decreases or other assumptions fall short? What's the contingency plan: more asset sales or higher taxes?

Hon. Charles Sousa: It's a good question, and I've asked chief economist Brian Lewis to come respond to that.

Mr. Scott Thompson: And while Brian is getting up here, I might also add that some of the things that you point out, Ms. Fife, are exactly why we built some prudence into the budget. Part of the prudence is in our economic forecasts on the real growth. The other prudence is through reserves of \$1 billion this year, \$1.1 billion next year and \$1.2 billion the year after, and contingency funds of \$1.2 billion this year as well.

Brian can tell you that, in fact, some of the economic returns that we've seen since the time of the budget have suggested that maybe our forecasts were a little closer

than the private sector forecasters were on the nominal side.

The Chair (Ms. Cheri DiNovo): Mr. Lewis, could you introduce yourself just before you speak? Thank you.

Mr. Brian Lewis: Sure. I am Brian Lewis. I'm the chief economist and assistant deputy minister of the office of economic policy.

A few things about our positioning with respect to private sector forecasters in the budget: Our key way of benchmarking ourselves to private sector forecasters is to take the average of their forecasts of real gross domestic product and position ourselves at one tenth of a percentage point below that in each year, which is a practice we've had for many years in the Ministry of Finance through many budgets.

In this year's budget, that also put us in a position where we apply to that our forecast of something called the GDP deflator, resulting in a forecast of nominal GDP growth that it turned out was slightly ahead of private sector forecasts at the time of the budget. That happened, I think, in very broad terms because we were incorporating in our view some of the very latest information about how the economy had been performing, including our own internal estimates of how the fourth quarter of 2015 had ended. Those estimates were ultimately published last week, but we had pretty good internal estimates at that time that were really our reading of the very latest economic information.

In this case, I think we were a little bit ahead of the private sector forecasters. Actually, since we have done the budget, they have increased their forecasts to nominal GDP and are now closer to what we had in the budget. I think that was just a case where we were a little bit ahead of private sector forecasters in our view of certain aspects of the economy.

This is not unusual. In the fall economic statement, for example, we had a forecast of a nominal GDP of 2.9% growth in 2015. Private sector forecasts were at 3.4%, and at that time the Financial Accountability Officer—

The Chair (Ms. Cheri DiNovo): You have about a minute left on the clock.

Mr. Brian Lewis: Certainly.

The Financial Accountability Officer pointed out that a forecast of around 3% was better. So we recognize at times that there are advantages of being linked to private sector forecasts; it's just that at certain times I think we also have more information than they do and our forecasts are made better. We provide better planning assumptions for government budgeting if we depart from them a little bit.

Ms. Catherine Fife: Okay. Right now, your assumptions are that you feel that moving forward there won't be a need for a contingency plan?

Hon. Charles Sousa: Oh, no, no. We build in contingencies and reserves as we proceed forward. We always have, and that hasn't changed.

Ms. Catherine Fife: Okay. Thank you very much, Minister, for your—

The Chair (Ms. Cheri DiNovo): I'm afraid you're pretty much out of time at this point. We're going to move to the government side. Mr. Baker?

Mr. Yvan Baker: I'd like to return to the associate minister, if I could, and just ask a few more questions about the ORPP. One of the things that I've heard from some people is some misconception about the ORPP, how it's going to be run and how it's going to be administered. There has been some coverage out there—inaccurate coverage, in my understanding—that has talked about how the government will be administering the plan and investing funds itself.

I know that we passed the Ontario Retirement Pension Plan Administration Corporation Act last year to establish the ORPP Administration Corp., which I thought was an independent entity responsible for administering the plan and managing investments. I was wondering if you could provide us with an overview of what the act says with regard to the administration of the plan and just clarify for me and folks out there who may not fully understand this how the funds will be administered.

Hon. Mitzie Hunter: The ORPP AC is an arm's-length entity, and it will be responsible for contributions, collections, administration of the benefits, as well as the investments for the ORPP. As we made very clear in our legislation, the ORPP Act, 2015 really makes it clear that these funds will be held in trust for the benefit of plan members. Our most recent legislation that was tabled, should it pass, will really enshrine in legislation that members of the plan will be entitled to a benefit for life through the ORPP.

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The ORPP AC is really going to provide that assurance for people, that tracking of individuals, to make sure that they are able to access the funds that they've contributed to the plan while working. It's also important to know that in terms of governance, it has a very strong governance as well, with oversight from a professional board of directors, which means that, as part of our ORPPAC Act, the skill sets required to manage this type of pension plan will be on the board itself. Whether it's the technology skills or the operating skills, the business skills, the financial skills or, obviously, pension management skills, there will be a range of skill sets that will provide that necessary oversight on the full board.

To begin, we have an initial board of directors. We've appointed Susan Wolburgh Jenah—excellent skill sets she brings from the regulatory sector; we have Richard Nesbitt, who brings financial services skills as the former COO of CIBC and the current head of the Risk Institute; and we also have Murray Gold, who is a very well-known pension lawyer. Together, they are forming the initial board of directors, and they're working together to do all of the start-up requirements of this type of organization.

We also have a very strong pension community here in Ontario. We have some of the world's best-managed and leading public sector pension plans: the Ontario Teachers' Pension Plan; OMERS; and HOOPP, which is actually leading globally in its category. We have the benefit of

drawing on that type of expertise in terms of the governance and the oversight. I held a round table of leading governance experts in the pension world to get their advice prior to introducing the legislation for the ORPP Administration Corporation Act, and we've benefited from that advice and continue to benefit from that advice.

It's very important to know that sustainability is one of the key features of the plan. The decisions that the board will make have to reflect sustainability. From the external actuaries, this plan is sustainable for the next 100 years. It's important that the decisions that are made will ensure that the plan is sustainable so that people will receive that retirement benefit for life, which is what we are committing to by setting up the ORPP.

Mr. Yvan Baker: Thank you for that. I know that you and I have chatted on a number of occasions about a range of aspects of the ORPP. One of the things that, I think, MPP Dong asked you earlier about was the impact on business. You spoke about that issue earlier, so I won't go back to that, but another issue that you and I have chatted about a fair bit is CPP integration.

At the same time that you're committed—and you've said this in the past—to working with the federal government and, obviously, with our other provincial counterparts towards a national solution that addresses the needs of future retirees and the challenge that you've just highlighted in terms of the retirement savings gap, one of the questions that I've gotten from my constituents in Etobicoke Centre is around how that could work. In other words, if we're going ahead with the ORPP now, how will the ORPP integrate with the CPP down the road should there be a willingness on the part of the federal government and the other provinces or sufficient other provinces to go ahead with that? Could you just talk a little bit about the steps that you're taking and your ministry is taking to ensure that CPP integration remains possible as we move forward?

Hon. Mitzie Hunter: Sure. Our government has made the ORPP one of the pillars of our economic plan because we believe that every worker deserves to have retirement security. We're moving forward with that in a prudent and responsible way.

We're very pleased that we now have a federal government in Ottawa that understands the importance of retirement security and is working with Ontario. We are working with the federal government. Earlier this year, Minister Sousa as well as the national Minister of Finance announced that we are working together on data sharing, ensuring that we don't duplicate data that exists within the CRA and ensuring that that data is shared with Ontario. Having the plan registered—it will be part of the Income Tax Act. We have to ensure that we meet all of those requirements. They're reviewing our plan design and giving us input on that, with a view to registration—and also, having detailed conversations around the administration of the plan and how we could potentially work together.

All of these indicators are very important. It's part of making sure that we manage this plan in as efficient a way as possible.

Ensuring that we meet our timelines is also very important to us. As I said earlier, we have a phased and a staged approach, targeting to begin enrolment in January 2017 and beginning contribution collections on January 1, 2018.

At the same time as we're moving forward in that prudent and responsible way with the ORPP and its implementation, we're also at the table when it comes to CPP enhancement. In fact, when Premier Wynne posted my mandate letter, one of the key parts of that was to continue to advocate for CPP enhancement. It's something that our Premier and our finance minister have been leading national conversations on for quite some time, and we will continue to do so. As those discussions happen with respect to CPP, Ontario will be participating at those tables, and we are doing so. But at the same time, we know that it takes time to have that type of negotiation across many provinces and territories. CPP enhancement changes require seven of the 10 provinces, with two thirds of the population agreeing.

While that's happening, while that discussion is under way, we are moving forward with the ORPP. We're doing it in a responsible way. We've kept integration in mind. In fact, in terms of our plan design, it mirrors the CPP very much. If you look at the year's basic earnings, for instance, it's \$3,500—very consistent with that of the CPP. Many of the features of this plan have that consistency.

We've only deviated where the ITA requires it to ensure that we can register the plan or where we've made a specific decision based on our work here and talking to Ontarians in terms of the plan design. Comparability is a very good example of that.

When we looked at plans out there, we knew that there were very good DC plans making contributions that were quite significant. People relied on those plans. So we've come up with a comparability test to ensure adequacy, and that includes ensuring that for DB plans there's an accrual rate of 0.5% and for DC plans there's a contribution of at least 8%, with at least 50% of that coming from the employer.

We want to ensure that we meet our goal, which is for 2020 to have all workers in Ontario part of the ORPP or a comparable workplace-based pension plan. But we also know that we need to take leadership on this issue, that with CPP as it stands today, the benefits are not adequate. The maximum is \$12,500, and the average in Ontario is around \$7,000. That's simply not enough for people to provide that level of adequacy. The ORPP will be targeting a 15% pre-retirement income replacement rate. Together with the CPP at around 25%, that gives people a very strong retirement income savings floor. They will have a predictable stream of income for life. It allows people to have that assurance that when they retire, they will have income, they won't outlive that income and they will be able to rely on it.

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We are continuing to participate in CPP conversations but moving forward in parallel with the ORPP.

Mr. Yvan Baker: Great. Regularly in the House, I tell stories about my past life. I seem to have several past lives in terms of jobs that I've held and careers that I've undertaken before running for elected office. One of the things that I did for a short period of time, after I left a larger management consulting firm, was to run my own business, to be a management consultant but to do it under my own employ, if you will. The reason I raise that is because I know that there are a lot of people out there, in my constituency and across Ontario, who are self-employed and are wondering how the ORPP will impact them.

I know that the consultation paper that our government put out last year outlined the unique circumstance of self-employed folks with regard to retirement security. I know that you held a consultation exclusively with self-employed people to discuss the best ways to help them achieve retirement security. In fact—I'll come back to this in a second—you were kind enough to come to my riding of Etobicoke Centre to hold a consultation at St. Demetrius Catholic church, where you met with my constituents and local leaders, and with experts too, and stakeholders, who wanted to share with you their views on the ORPP, on design elements. They were, of course, speaking about a range of topics at the time. But again, going back to the original reason for my question, some of them spoke about and asked about the issue around how self-employed folks would be treated.

Can you just basically share: Will self-employed people participate in the ORPP? How will they be treated under the ORPP?

Hon. Mitzie Hunter: As the ITA rules stand to date, we're not able to enrol self-employed individuals, because you need to have a clear, defined relationship between the employer and the employee, and of course, self-employed is both. The CPP has its own legislation where they pay both the employer and the employee side of the contributions.

However, as we move forward and we work with the federal government, that is something that we are pursuing. We know that self-employed individuals need access to retirement security. As part of the consultation process that we undertook last year, we actually held a round table specifically with self-employed individuals. It was quite a fascinating conversation, because you had writers, you had artists, you had servers, you had musicians, you had lawyers, and it really showed the breadth of people that we have here in this province and all the creative ways in which they work.

What was clear, however, was that how they work and earn an income is very distinct and it's different. Giving them an opportunity to save for retirement is very important. Many of them are looking for more cost-effective and better options of saving for retirement.

We want to make sure that they are benefiting from the rollout and the implementation of the ORPP. But in order to do so, we would need to work with the federal government to either change the ITA rules or provide some sort of provision for the ORPP to be able to enrol

the self-employed. Federally regulated employees, as well, are quite a diverse group. We would also want to ensure, for those in Ontario, that they have retirement coverage and retirement security. That's also a question that we have as we work with our federal counterparts.

I do want to just touch on, if I may, the legislation that we tabled, the Strengthening Retirement Security for Ontarians. One of the vital design features that we have included is in terms of survivor benefits and ensuring that that includes single people so that they can designate a beneficiary. That's something that's different than the CPP. We want to ensure that it's very reflective of a modern workforce. Even just in speaking with current retirees, many of them are single women. They had said to us that it's very important, as we develop the ORPP, that we take those types of considerations into mind. So that survivor benefit is there.

Also, the benefits will be inflation-protected, so it is indexed. That is also important in protecting the value of that benefit over time.

Those are some of the key design features of the legislation and how we're moving forward and the enhancements that we've made to the ORPP. At the same time, we have a federal partner that is there and that is willing to work with us. We are working with them. All of the ministry officials are in constant dialogue and discussion with the federal government to ensure that Ontario achieves its goal of providing retirement security for the people of this province.

When we look out, it's very significant and very meaningful to young people who are going to start businesses and who are the leaders of the future. It's important that we have that confidence that they will be able to save for retirement and that they will be able to rely on that income when they eventually do retire.

Mr. Yvan Baker: Chair, how much time do I have left?

The Chair (Ms. Cheri DiNovo): You've got about a minute and a half.

Mr. Yvan Baker: A minute and a half. Okay. Wonderful.

When I speak with you, I'm often reminded about how important saving for retirement is and I often go back to my online banking and think a little bit about whether I should be putting away more for my retirement. I think the answer is almost always yes.

Before I ask the last question, I just wanted to take this opportunity while I have a minute to thank—I have the opportunity to sit on Treasury Board and so we work together on Treasury Board quite a bit. I wanted to thank Minister Sousa and yourself, but also all of the staff who are here today. I know not all of them have had an opportunity to come up and speak, but I know that they worked really hard on all of the issues we've talked about today, so on behalf of our caucus, I just wanted to take a chance to thank all of you who are here today for all of your work in supporting Minister Sousa and Minister Hunter and the deputy minister. Thank you for that.

I know we probably only have about 30 seconds left. Minister, I'll just turn it back to you. Are there any other

features of the ORPP or anything else that you wanted to highlight in the limited time we have left?

Hon. Mitzie Hunter: Yes, there is one aspect that I wanted to touch on as it relates to plan sustainability. One of our proposals is the office of the chief actuary, which would evaluate and assess the plan over time and make that public and report that out. I think that's also an important feature. It's important that we have that actuarial advice as it relates to the ongoing sustainability of this plan and ensuring that it is meeting its intended goals and that the valuation of the plan has that independent—

The Chair (Ms. Cheri DiNovo): I'm afraid that's it, Associate Minister. Thank you very much.

Just before we go into the next rotation, there's something that we should discuss, because we're going to lose some of our time when the vote happens—official opposition day.

Finance will finish this round tomorrow between about 4:45 and 5 o'clock. The Ministry of Transportation will then come in for about 45 minutes to an hour. So number one, I'm proposing that; and number two, that there be a bit of a buffer between the two of about 10 minutes. I just want to know how the committee feels about that. That would be tomorrow afternoon.

Mr. Todd Smith: Is the Ministry of Transportation aware of the time? Will they be here?

The Chair (Ms. Cheri DiNovo): Yes.

Mr. Todd Smith: Okay.

Mr. Han Dong: I'm just thinking—would it make more sense to just postpone it to next week for the Minister of Transportation to come?

The Chair (Ms. Cheri DiNovo): There is 45 minutes to an hour still left in the day. It's up to the committee.

Mr. Todd Smith: We won't lose that time.

The Chair (Ms. Cheri DiNovo): It's up to the committee. It has to be unanimous, whatever we decide. We won't lose that time. It's true. What would you like to do, is the question.

Mr. Yvan Baker: I support MPP Dong's suggestion, just in the spirit of keeping the discussion flowing. You won't lose the time, so it won't impact the overall time. But it's easier to schedule and it also allows the discussion to be one that's flowing and builds on the topics that have been discussed because there's a continuous conversation, instead of having it broken up for the course of the weekend.

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Mr. Todd Smith: How much time will we have left with the Minister of Finance?

The Chair (Ms. Cheri DiNovo): About an hour and 15 minutes more, and you're chewing up some of it.

Mr. Todd Smith: We're good with it.

The Chair (Ms. Cheri DiNovo): Okay. So May 3 will be the next day. We'll start with the Ministry of Transportation. We will end tomorrow—

Interjections.

The Chair (Ms. Cheri DiNovo): I'm trying to help them out here. We'll end tomorrow between 4:45 and 5

o'clock with the Ministry of Finance and start with the Ministry of Transportation on May 3. Agreed?

Mr. Todd Smith: Agreed.

The Chair (Ms. Cheri DiNovo): Wonderful. Now to the official opposition, Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much, Chair. I want to pick up where we left off, talking about cap-and-trade. According to the Financial Accountability Officer, according to the fall economic statement, according to the 2016 budget and actually according to Bill 172 on cap-and-trade, you're able to continue the same shell game that you played with Hydro One by taking funds that will be announced for various transit and infrastructure programs, ostensibly put those funds into those programs, but then be able to take out the money that was already budgeted in those programs and use that money to balance your budget and artificially eliminate your deficits.

In Bill 172 where it talks about the initiatives that can be used to be paid for, it talks about public transit vehicles and infrastructure that reduces greenhouse gas emissions. I'll ask you again: Is any of the cap-and-trade money going to be used to pay for the \$130 billion of infrastructure that was announced in the 2014 and 2105 budgets?

Hon. Charles Sousa: The proceeds that are being projected through our budget of 2016 have indicated \$1.9 billion in proceeds from cap-and-trade to be dedicated and prescribed for the purposes of investments that will reduce emissions. The incremental increases in new infrastructure have increased relative to possible projects that will reduce emissions.

Mr. Victor Fedeli: It says "transit vehicles." Are transit vehicles items that are allowed?

Hon. Charles Sousa: There are a number of issues that are prescribed that will reduce overall emissions: non-emitting vehicles, things that will reduce carbon emissions, as well as retrofit programs, as well as work being done in housing and other matters, new manufacturing and production facilities—a number of things that are being proposed there.

Mr. Victor Fedeli: Public transit vehicles?

Hon. Charles Sousa: There are a number of proposals and infrastructure programs that would be involved and included in those—

Mr. Victor Fedeli: Would public transit vehicles be one of them?

Hon. Charles Sousa: Whatever is prescribed is what is going to be.

Mr. Victor Fedeli: Highways?

Hon. Charles Sousa: Whatever is prescribed in reducing emissions is what is being proposed with respect to the use of cap-and-trade proceeds.

Mr. Victor Fedeli: When the Minister of the Environment and Climate Change says that we have \$1.9 billion to spend on stuff that's going back to Ontarians, into their cars, their homes and their businesses, what do you think he's referring to?

Hon. Charles Sousa: I think reference is being made, as is being made by other jurisdictions like California and Quebec and work that's being proposed now in discussions with other provinces across Canada relative to this issue, to: What are we going to do to provide for a low-carbon economy where production facilities, manufacturing and a number of competitors can find ways to reduce their emission allocations? That is what's being initiated by some of the work being done by cap-and-trade.

Mr. Victor Fedeli: It's interesting—I call it a voice from the past—that other people are starting to figure out what we've already figured out and what the Financial Accountability Officer figured out. Former finance minister Greg Sorbara took you and your fellow colleagues to task when he said, "Although the minister said there are no tax increases"—he's referring to you—"the fact is that there's a \$1.9-billion increase—I call it a flow-through tax—that will ultimately affect consumers.... It's interesting to raise money and say, at the same time, you're not raising taxes." Do you agree or disagree with his take on it?

Hon. Charles Sousa: Again, we're talking about a program that's providing for an auction, enabling companies to be more competitive by getting benefit for some of their initiatives to reduce emissions. A breakdown of those supports is actually identified in advance of cap-and-trade. That \$325 million that we're proposing for businesses in respect to energy-efficient emission reduction supports, for energy-efficient investments for small business, for technology innovation initiatives, for large industrial emitters—those are the business initiatives.

On the residential side, social housing and electricity efficiency programs, social housing retrofit programs, and audits and energy efficiency retrofits for single-family homes are part of those proceeds. As well, we're doing things with regard to vehicles, as cited, in regard to electrical vehicles and public charging infrastructure that will be built around the province—

Mr. Victor Fedeli: So you do know the list.

Hon. Charles Sousa: —and we are supporting First Nations for climate change adaptation, mitigation of activities in their communities, and renewable power and energy storage facilities to reduce costs and at the same time reduce emissions, especially around diesel. So these are some of the issues that are in advance of cap-and-trade.

Mr. Victor Fedeli: Are any on that list from projects that are included in the \$130 billion in the 2014 and 2015 budgets that were already announced?

Hon. Charles Sousa: These are funds that are in addition to what is being proposed in the past, recognizing that these are new projects. That's why we're advancing the \$325 million: to enable those very businesses to adapt to the coming—

Mr. Victor Fedeli: Boy, that \$325 million is going to go a long way, by the sounds of all the things you've talked about.

Hon. Charles Sousa: It's on page 30. The summation of what we identified equals \$325 million into the respective programs identified.

Mr. Victor Fedeli: Former minister Sorbara also went on to say, "I have to be a little bit skeptical about" what it's going to bring, a whole "lot of new money into the government." When you take that and you hear from the Financial Accountability Officer and you see the revenue that you've booked in the fall economic statement and then the revenue that grew as you booked the revenue into the 2016 budget—let's just talk briefly about the Financial Accountability Officer.

As I have mentioned to you, he appeared here, in the Bill 172 committee hearings, on his own; he wasn't asked to come. He appeared as a deputant at the cap-and-trade hearings. He stated that the revenue brought in through cap-and-trade will end up influencing the government's deficit and surplus figures. The cap-and-trade proceeds will end up in general revenue, the same as taxes and federal transfers, and, of course, as we've discovered, the Hydro One revenue.

We know that he is on to you. He has figured this out. He jumps right into the same chapter that I talked about earlier and talked about last week, the week before, the week before that and the week before that, when we first discovered it. He jumps right into section 68, and he says that section 68 "may hinder my ability to provide you and your fellow members with information on the fiscal impacts of the act." Do you know why he feels hindered, Minister?

Hon. Charles Sousa: Mr. Fedeli, you, as well as your colleagues, as well as the NDP, facilitated our introduction of the bill to support the introduction of a Financial Accountability Officer, with limitations when it comes to cabinet confidentiality agreements. You voted in support of that.

Mr. Victor Fedeli: Why do you think he feels hamstrung by your ministry and other ministries?

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Hon. Charles Sousa: Mr. Fedeli, we have a duty and a responsibility to abide by the very issues that you have prescribed to us, and that is a duty to confidentiality by cabinet in issues that are market-sensitive. The FAO has still made his submissions; we still co-operate to the full extent that we can. He's cited sensitivity. You've just identified some of them, and even still, we've taken the steps necessary to take his recommendations under advisement and follow through, and it has achieved greater benefits for the province.

Mr. Victor Fedeli: This sounds hauntingly familiar. I sat in this chair or this chair—one of these three chairs—back in 2012, again for a year in 2013, and listened to the energy minister not answer our questions. And of course, we know where that ended up.

Hon. Charles Sousa: I take offence, Madam Chair—

Mr. Victor Fedeli: Excuse me—

Hon. Charles Sousa: —at what he's suggesting.

Mr. Victor Fedeli: No, no, no—

Hon. Charles Sousa: I am saying that you voted in favour of the very issues—

Mr. Victor Fedeli: Well, I'm telling you—

The Chair (Ms. Cheri DiNovo): Excuse me, gentlemen. One at a time, please.

Mr. Victor Fedeli: Thank you, Chair. I'm telling you that the minister who is no longer here told the estimates committee, this committee, the same thing that you're telling us: "We're protected by confidentiality. We can't tell you. We won't tell you. You shouldn't be able to know this." This is the same story that we heard back then, and we saw how far that got the government. It caused a Premier to resign and it caused many ministers to leave here with their tail between their legs. And we eventually did get all of the information. So—

Interjection.

Mr. Victor Fedeli: I'm sorry?

Mr. Han Dong: Sorry, I wasn't talking to—

The Chair (Ms. Cheri DiNovo): Continue.

Mr. Victor Fedeli: Thank you, I appreciate your permission to continue.

We eventually got all of the information—

Interjection.

Mr. Victor Fedeli: I'm sorry?

The Chair (Ms. Cheri DiNovo): There's no crosstalk here. Mr. Fedeli, they're using up your time, so if you respond to them, you're using up your own time. If you could direct your questions to the minister. Thank you.

Mr. Victor Fedeli: One of those things we did get out of that committee when the minister wouldn't answer our questions, and we were able to then make a submission to the government and get many, many, many documents—almost 300,000, which we're still reading almost every day. I'll read one to you, because it was quite interesting and related to this.

This, of course, was a document that nobody in the public was ever supposed to see. It's called "Confidential Advice to Cabinet" of things they don't recommend. This is the Liberal government's own document. They called it a carbon tax. They recommended not doing it because of the loss of 5,000 jobs. They say that the long-term behavioural impact will be the relocation of business to lower-cost jurisdictions. I just wanted to bring that up as a point, Minister, where one thing that the minister said ended up resulting in information that we ended up receiving.

On that note, do you have any updated figures as to the job losses that will come?

Hon. Charles Sousa: Madam Chair, a couple of assertions have been made. The member has cited a couple of things that frankly are bizarre. When we put forward the legal considerations for the Financial Accountability Officer, they were done in consultation with the member himself, as well as others, to abide by and to provide for accordance with the Financial Accountability Officer Act of 2013 in the ways in which economic and other information that's necessary for his performance would be mandated. The exceptions, of course, would be to respect

cabinet records, personal information and personal health information.

It further states in section 12(2) of the FAO Act that it prohibits—I am prohibited as a minister and as a public entity—disclosing to the FAO any record that would reveal the substance of the deliberations of the executive council or its committees, as described in subsection 12(1) of the Freedom of Information and Protection of Privacy Act, FIPPA.

The member himself has put forward the pieces that we have to abide by. To suggest that we're not co-operating with the FAO is not true, because we have taken the steps that we can to fulfil and enable him. In fact, we've encouraged the engagement of the FAO to provide even further support.

I wish to say this as well: The member is suggesting that the integrity and the accountability of the reports that we put forward are in question. We again have had study after study—for the fourth year in a row, the C.D. Howe Institute has recognized Ontario as one of the leading jurisdictions in Canada. When it comes to fiscal accountability, it receives an overall A- for its full transparency, presentation and explanation of financial results. The province ranks among the best in forecasting spending, reflecting low bias and high accuracy in expense projections. For revenue, Ontario has the lowest forecasted bias of all jurisdictions.

The facts are that we've taken great steps to provide for greater transparency and deliberations over these initiatives.

I've stated over and over again that the prescription of the funds that are received from cap-and-trade—as is for the repurposing of assets—is to reinvest into the very things that we can do, as prescribed by cap-and-trade. It's all about lowering emissions and programs that enable a low-carbon economy, and to lead in those initiatives. That's where it's at.

Mr. Victor Fedeli: I appreciate that. Unfortunately, I never got an answer to my question. But I'm surprised that you brought up ratings. When you have Moody's, Fitch and S&P that have all downgraded you, I'm quite surprised that you bring up ratings.

Let me go back to the point where you're talking—again, very aspirational talk, but not very operational, considering. Here are the words, and I'll quote our Financial Accountability Officer last week. He's expressing the same concerns that he had with the sale of Hydro One, with respect to the government limiting his access to the necessary data. In his presentation, he sat on that chair and said, "I am becoming increasingly concerned that ministries are claiming that too wide a range of government information falls under the cabinet records exception."

He feels hamstrung. He's trying to do his job and tell the Legislature the real facts about the state of the province's finances, and he feels hamstrung.

He told us about section 68, the one that I outlined earlier, the one that allows you to reimburse the crown for expenditures for purposes such as public transit vehicles and infrastructure. He's very concerned about

section 68. He said that “there could be a case where even if revenues do match expenses, there could be an impact on the surplus or deficit of the province.” He warns, “This would occur if some of the expenses were not on new initiatives but were tied to previously planned expenses.”

The Financial Accountability Officer of Ontario has the same fears about that clause in section 68 which allows you to reimburse yourself for money you’ve already spent. That is his biggest concern. You’ve got a Financial Accountability Officer, through his most recent report, here in the Bill 172 committee, confirming the same take that we have illustrated about what’s happening with cap-and-trade revenue: You’re going to use it to reimburse yourself for monies already budgeted and use that money to artificially balance the budget.

Do you have a cost-benefit analysis prepared that you can share with this committee on the cap-and-trade?

Hon. Charles Sousa: On page 22 of the budget, we made reference to the assertions that you’ve made. Some of the myths that you’ve established are actually cited. The fact is that the economies in those jurisdictions that have instituted cap-and-trade have actually had a pick-up, in North America, in those respective jurisdictions that have implemented them, so they have increased. We’ve taken a leadership role in advancing the low-carbon economy and addressing those. It has had a greater advantage to those jurisdictions.

In respect to cap-and-trade and the issue in respect to the balance of the government’s budget: It has been entirely by way of our premise to grow the economy, transform and modernize government and manage our costs. That’s what addresses the balance and takes into consideration the underground economy and maintaining tax fairness.

We have a \$140-billion budget in the coming year. That initiative that we’re doing is in respect to controlling our costs.

Mr. Victor Fedeli: Does that mean you will provide us—

Hon. Charles Sousa: Cap-and-trade proceeds are being aligned to new projects that have emissions reductions implemented in those.

Mr. Victor Fedeli: Will you provide us the cost-benefit analysis, then, of the cap-and-trade plan?

Hon. Charles Sousa: We have stated and we have outlined some of that already in our budget.

The Chair (Ms. Cheri DiNovo): You have less than a minute to wrap up.

Hon. Charles Sousa: We have identified the fact that other projects in other communities have had greater benefit as a result of instituting cap-and-trade.

Mr. Victor Fedeli: When we asked your associate minister for a cost-benefit analysis of the ORPP, you said it was the right thing to do, and you provided that very cost-benefit analysis. Does one exist for cap-and-trade or is it on the fly? Does a cost-benefit analysis exist for cap-and-trade, and will you provide it to us?

Hon. Charles Sousa: In the budget and in our work that’s being debated right now, we’ve identified the effects of the cap-and-trade and identified where those proceeds will be going; we’ve identified how cap-and-trade works, we have identified the use of cap-and-trade proceeds we’ve made, and we’ve identified the pickup in our economic growth as a result of some of these initiatives.

The Chair (Ms. Cheri DiNovo): Thank you, Minister. I’m afraid we are out of time.

We now move to the third party. Ms. Fife?

Ms. Catherine Fife: I’m cognizant of the fact that we’ll probably get called to a vote very quickly, but I do want to follow up on an issue that I raised this morning. I was asking about the redesign in the autism strategy, and I had asked if the Ministry of Finance had done some analysis around the negative impact that this change will have on the education file.

I would point to, of course, the Standing Committee on Finance and Economic Affairs, because there was a specific ask for greater support for the education delivery of special-needs students, particularly students with autism. This is contained within the report. Of course, this is the report that we received three weeks after the budget was already tabled and time-allocated.

At one point I thought I heard the deputy minister say that he could give us some analysis of the impact of students transitioning to education because, actually, a majority of children who are affected right now by the redesign in the autism strategy are receiving IBI—

Interruption.

Ms. Catherine Fife:—when their age is five and over.

The Chair (Ms. Cheri DiNovo): I’m afraid that sound means we are going to adjourn for the day. We will see each other again tomorrow at 3:45.

The committee adjourned at 1751.

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STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 20 April 2016

Mercredi 20 avril 2016

The committee met at 1546 in room 151.

MINISTRY OF FINANCE

The Chair (Ms. Cheri DiNovo): Welcome. Good afternoon, members. We are here to resume consideration of vote 1201 of the estimates of the Ministry of Finance. There is a total of one hour and 11 minutes remaining.

Before we resume consideration of the estimates, if there are any inquiries from the previous meetings that the minister or ministry has responses to, perhaps the information can be distributed by the Clerk at the beginning in order to assist the members with any further questions. Are there any items, Minister?

Hon. Charles Sousa: No.

The Chair (Ms. Cheri DiNovo): Okay. When the committee was adjourned, the third party had 18 minutes left in their round of questions.

Ms. French, the floor is yours.

Ms. Jennifer K. French: Good afternoon. I'm back to talk about pensions, so I'm glad to have you here. We have seen more details on the ORPP, so I'll start with the ORPP.

When is the province expected to reach an agreement with the federal government to allow federally regulated employees to join the ORPP? Is there a timeline for that? What can we expect? What would that look like?

Hon. Mitzie Hunter: We are, as we've always said in our intention last year, when we issued the consultation paper and took that across the province for feedback—I visited 10 communities, starting with the one that you joined in Kingston, and we also received a thousand submissions. Very clearly, we received that advice that self-employed, federally regulated, those that we were not able to enrol because of the rules of the ITA—that we should make every effort to reach out to the federal government to do that. The federal government at the time wasn't necessarily open to conversations around retirement security and pension enhancement. Now that we have a new federal government that is very open to those discussions, we've already started them. Minister Sousa and the federal finance minister issued a joint announcement earlier this year indicating that we are going to be working together, specifically around how to share data, how to work together on the ITA in terms of registration as well as on administration.

So there is a process that is under way. Our officials are working together on that and—

Ms. Jennifer K. French: When you talk about the process and the ITA, what about an ETA?

Hon. Mitzie Hunter: We are working together as we speak. There are meetings that are held between our ministry officials with Finance Canada as well as with the Canada Revenue Agency to discuss how to move forward with the ORPP, which includes the items that you've raised. There's an ongoing working relationship. There are many things that we're working on, and some of them—

Ms. Jennifer K. French: So as that relationship is unfolding, those conversations are happening—how about a timeline for when we can expect to reach an agreement, as I said, to allow federally regulated employees to join?

Hon. Mitzie Hunter: This conversation is ongoing. Through Bill 186 that I tabled last week, there is a provision under the act, should it be passed, to make those accommodations as it relates to federally regulated employees.

I do want to assure the member that we are working very, very consistently and diligently with our federal colleagues to meet our goals as they relate to the ORPP. As I've said, by 2020, we want all workers in Ontario to either be enrolled in the ORPP or in a comparable workplace-based pension plan, so that includes federally regulated employees and the self-employed.

Ms. Jennifer K. French: Okay. And as you are having those conversations, has the federal government expressed willingness to change the Income Tax Act to allow self-employed individuals to participate in registered pension plans like the ORPP?

Hon. Mitzie Hunter: What they've expressed is the willingness to co-operate with and work together with Ontario on implementation of the ORPP. Part of that implementation includes meeting our goal of having all workers in Ontario part of a comparable plan or part of the ORPP.

I just want to say that the tone in which we are working together with the federal government is co-operative. It's collaborative. There are meetings that are being held between ministry officials and we're working towards that goal of ensuring that we have retirement security for Ontarians. It's a positive working relationship.

Mr. Scott Thompson: If I could, I'd also like to add that part of working together is figuring out what things can be done under existing legislation and what things would need to be amended—

The Chair (Ms. Cheri DiNovo): Excuse me, could you introduce yourself? Thank you.

Mr. Scott Thompson: Sorry, I've been here so long. Scott Thompson, Deputy Minister of Finance—figuring out which things need legislative amendments federally, and then of course we would need the legislative vehicle. That's something on which they're not, at this point, making a commitment on timing because that would be difficult until we get through our work.

Ms. Jennifer K. French: Okay. I don't think that's just a federal thing, then, not making commitments on timing.

Another question: We still don't know whether pensionable earnings will include both cash and non-cash earnings, including amounts beyond base salary, like bonuses or commissions; why is the definition of pensionable earnings being left to regulations? Why haven't we seen that in Bill 186 and why aren't we mirroring the CPP here?

Hon. Mitzie Hunter: I just want to make a quick comment and then I'd like our associate deputy minister, Mahmood Nanji, to answer that specific question.

As we tabled the legislation, we were very clear that the key design features of the ORPP were enshrined in that legislation and that there are some components that are left to the regulations, which we're committed to moving forward with once we get through the legislation. We are very, very much committed to those regulations. We know that they are required. Mahmood, if you could speak to that.

Mr. Mahmood Nanji: Sure. My name is Mahmood Nanji. I'm the associate deputy minister responsible for ORPP. To your specific question, the government has been clear and has communicated that, in fact, pensionable earnings do include cash and non-cash. It includes bonuses as well. It is paralleling the CPP system. I have to apologize for my voice.

Ms. Jennifer K. French: Move the mic closer, maybe.

Mr. Mahmood Nanji: In fact, the regulations will elaborate on that definition; but it is not just cash; it is cash and non-cash.

Ms. Jennifer K. French: So non-cash earnings are included. It's just we haven't—

Mr. Mahmood Nanji: Exactly, and in fact things like tips, if they're a T4 tip that actually shows up on your T4 slip, that will actually be considered to be a pensionable earning.

Ms. Jennifer K. French: Okay. Thank you. So as we've talked about extensively, there are a number of differences between the universal CPP and this targeted ORPP. How does this affect future CPP enhancement? My understanding is that any deviations in design are going to make it harder to integrate in the future. Is that correct?

Hon. Mitzie Hunter: We've actually designed the ORPP to be as consistent as possible with the CPP. In fact, we mirrored the CPP in terms of our key design features. We made that very clear when we went out with our consultations last year. The only deviations that we've made are where, for ITA rules, we've had to make those adjustments, or, specifically where there's an intention within our government to achieve a certain policy, like comparable plans for instance, where we've looked at the adequacy of coverage. In the dialogue that we've had, we've recognized that there are very good DC plans and have set a standard and a threshold test for those plans: 8% for DC plans, with a minimum of 50% coming from the employer in terms of contributions, and then for defined benefit plans, it would be an accrual of 0.5% on an annual basis.

We've actually been very, very careful. There's much thought going into it when we look at CPP and how we're designing the ORPP plan design details. We've made enhancements. For instance, on the benefit, we have a survivor benefit, and that also will include single people, which CPP currently does not do. From what we heard in our consultations and what we were trying to do with this particular plan, which is a contributory plan where people will earn benefits based on the time in the plan and the contributions that they've made, we wanted to ensure that that component was there.

In terms of integration, I think that's a very important question. When I received my mandate letter on this file, keeping integration in mind was something that was a specific objective—

Ms. Jennifer K. French: Keeping it in mind versus keeping it something that can happen are two different things.

Hon. Mitzie Hunter: Well, keeping it in mind means that as we make decisions as we go, as we're designing this plan, we have kept future integration and merging with the CPP in mind. That's something that has been included in our decision-making and our thought process.

Ms. Jennifer K. French: Have we kept it an option, though? Have we kept CPP expansion, in its universal state, as an option? Or now, by having such a targeted program that will exclude so many—basically, a tiered, targeted ORPP—how is that going to affect CPP expansion?

Hon. Mitzie Hunter: Well, we don't know what the next step is for CPP. Those conversations are happening. Ontario is participating in those conversations. In order for a CPP enhancement to occur, it requires seven of 10 provinces agreeing, representing two thirds of the population—

Ms. Jennifer K. French: No, I know that that part is out of our hands.

Hon. Mitzie Hunter: But that agreement is critical to an enhancement moving forward. So there isn't a model that's there for us to comment on, but we are committed to participating at those discussion tables.

Ms. Jennifer K. French: That said, though, that there isn't a model to comment on—in the budget it was

specific. The comment the government had made was, “The province’s extensive consultations in developing the ORPP have helped to inform Ontario’s view that a CPP enhancement must be timely and provide a level of adequacy and targeted coverage that is consistent with the ORPP.”

So are you applying that friendly pressure with your colleagues at the federal level to direct the shape of the enhancement to be modelled after the ORPP, which is not a universal program? That’s my concern; that’s my question.

Hon. Mitzie Hunter: We’ve been very clear that, with the work that we’ve done on retirement security in Ontario, the conversations that we’ve had through our consultations and the work that we’ve done in designing this plan, that it is meeting the needs of Ontario’s workers. We want to ensure, for those without a workplace plan—of which there are two thirds, and 75% of young workers—that there is coverage through the ORPP. So we’re strengthening coverage, but we also know that there are many good plans that exist that are providing that retirement security—

Ms. Jennifer K. French: But is it going to affect the CPP enhancement?

Hon. Mitzie Hunter: —and they are considered comparable and are exempt from the ORPP.

Ms. Jennifer K. French: Right, but separate from the ORPP is the CPP piece.

Hon. Charles Sousa: Yes. More of that will be highlighted in the upcoming meetings with the finance ministers in June, and with the federal minister as well. That’s on the agenda as to what we can do to foster a national solution. Recognizing the leadership that Ontario has taken, even in 2013, when we advocated for enhancement to CPP and there was a block made by the federal government of the day—now there is a desire for a national solution, and other provinces are more reluctant. So we are meeting in June to elaborate further.

There are off-ramps as it relates to the work that we are doing, recognizing that we would much prefer to see all of Canada involved in an enhancement to CPP or a targeted program that emulates what Ontario is doing, recognizing that we’re trying to meet the needs of those who do not have a workplace pension.

So that is what we’re offering. We are looking to discuss in June those very issues that you’ve brought forward.

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Ms. Jennifer K. French: Okay. So we’ve talked a little bit about comparability, but I have some specifics. Where we have a comparable pension plan, requiring employees to comply with a waiting period before they can join—are those employees required to be members of the ORPP during the waiting period?

Hon. Mitzie Hunter: Yes. Part of our legislation will require that employees are enrolled in the ORPP in that waiting period.

Ms. Jennifer K. French: Immediately?

Hon. Mitzie Hunter: Yes.

Ms. Jennifer K. French: Okay. Even more drilled down, then: Will enrolling in the ORPP be required for employees serving probationary periods? And will both employers and employees be required to contribute during that time? Because usually during a probationary period, employees don’t have access to health benefits or whatever when they’re on that probationary period. That’s why I’m wondering.

Hon. Mitzie Hunter: Ms. French, one of the goals that we have is to strengthen the retirement security system in Ontario overall. The concern is that too many workers do not have any pension coverage.

Ms. Jennifer K. French: I know, but specific to this.

Hon. Mitzie Hunter: Part of our intention with this policy is to ensure that people are able to accumulate their pension benefits as soon as they begin working. We’ve included that once they start working, they are either enrolled in the plan, if it’s deemed comparable, through the workplace, or they are enrolled in the ORPP.

Ms. Jennifer K. French: So with a comparable plan, if they’re on probation, they aren’t enrolled in that immediately, right out of the gate; they have that probationary time? You’re saying that they will be required to be enrolled in the ORPP during that probationary period. Then at the end of that, if they shift into—well, I guess if it’s a mandatory plan, if they are in the comparable plan, they leave the ORPP and that’s—

Mr. Scott Thompson: They leave the ORPP, but they don’t lose the benefits they have accrued. That would carry with them for their life. As long as they have earnings that are pensionable for the purposes of the CPP—

Ms. Jennifer K. French: But they can move in and out of the ORPP.

Mr. Scott Thompson: Exactly.

Hon. Mitzie Hunter: Yes. It’s something that is important, that people are able to accumulate ORPP benefits across a spectrum of employment and hours worked. That’s one of the reasons why the minimum earnings threshold is set at \$3,500: To recognize that people need to be able to accumulate pension benefits wherever they work.

The Chair (Ms. Cheri DiNovo): Ms. French, you have less than a minute, so wrap up.

Ms. Jennifer K. French: I have so many more questions. I have more time afterwards, though; right?

The Chair (Ms. Cheri DiNovo): Later, yes.

Ms. Jennifer K. French: Okay. I will wait with bated breath.

Will—I’ll just wait, because that’s a big one. Thank you.

The Chair (Ms. Cheri DiNovo): We now move to the government side. Mr. Thibeault?

Mr. Glenn Thibeault: Good afternoon, Ministers. Yesterday one of my colleagues, in his last minute, started asking questions relating to beer and wine in grocery stores. It’s a very broad subject that it is very hard to talk to in the last minute of a 20-minute round, so I’d like to bring that back to you, Minister Sousa, and ask a

specific question in relation to beer and wine in grocery stores.

Page 19 of the estimates notes that the LCBO supplies beer to 60 grocery stores, and will supply beer and wine to additional grocery stores in the future. Minister, could you explain why the decision was undertaken to expand retail access to alcohol and how that decision aligns with the principles of social responsibility?

Hon. Charles Sousa: You can appreciate that since Prohibition, not much has changed, when we developed the Beer Store and the LCBO. The Beer Store then changed its operations from a co-operative to basically two major owners and to some extent started to limit the availability of new brewers who wanted to get into the system.

Recognizing some of the challenges and the obstructions that were there, we started to review the ability, first, to expand the operations of the Beer Store, to re-establish itself in a co-operative nature and, secondly, to provide greater convenience to consumers, who are asking for more access. That was just with the beer component. There's also wine and cider, as we've developed since. But the alcohol beverage distribution system was looked at as being limited.

As a result of re-signing the memorandum of agreement with the Beer Store and its participants and its stakeholders, it was enabling and gave access to craft brewers to also have representation on the board and a stake in those decisions being made. Furthermore, it allowed them to have 20% shelf space in the Beer Store to promote craft. That was a huge step forward for those brewers, and the microbreweries specifically, in our communities across the province.

Furthermore, as we expanded the agreements to go into the grocery stores—which will go up to 150 stores by May 1, 2017—it enabled those very craft brewers to have even more access across the province, outside of just the Beer Store and outside of the LCBO. The LCBO will be the wholesaler of the beer to the grocery stores, enabling and providing some support. More importantly, to your point around social responsibility, it is why the LCBO is also involved: to ensure that there's compliance with the grocery stores to use and operate within those same retail hours that the LCBO is engaged, as well as ensuring that there are ID checks and so forth, to ensure that minors are not exposed, and dedicated cash registers and so forth that would administer it. The shelving and the space of those products is also restricted.

It has been well received. In the end, the very craft brewers who were engaged in the expansion have seen greater benefits. Many of them have now opened up satellite production facilities and are also selling in their locations of production. Within those very communities that have the microbreweries, they've become a bit of a tourist destination as well. Many have even started to operate with the selling of food and product, and expanding their services within those locations. It has created a different flavour, or a different feel, to the facilities in those communities. As we've expanded authorizations, we're planning up to 450 stores across the province.

The LCBO has also modernized their operations. They're more consumer-friendly and they're more retail-focused. I can expand further in terms of the broadening of alcohol beverages, when it comes to wine and ciders in the grocery stores, as well as the ability of distributing even further products to consumers through the LCBO by way of Internet orders and, again, offering consumers more choice, more convenience and more access, within the constraints of being socially responsible to ensure that they limit the degree of access.

Mr. Glenn Thibeault: Great. Thank you, Minister. I've just got to put a little plug in for Stack Brewing in Sudbury, who has been able to expand and grow and create some jobs and make some mighty fine craft beer.

Hon. Charles Sousa: That they do.

Mr. Glenn Thibeault: With that, I'll hand it over to my colleague. Thank you, Minister.

The Chair (Ms. Cheri DiNovo): Ms. Kiwala.

Ms. Sophie Kiwala: I want to spend a couple of minutes and talk to you about support to municipalities. Our government has a strong relationship with our municipalities, and your ministry has the oversight of the Ontario Municipal Partnership Fund, which provides unconditional funding to the municipalities that need it most. I'm wondering if you can explain to the committee how it works and why you believe it's important to support our municipalities in this way.

Hon. Charles Sousa: I think we all recognize how important it is for us to work collaboratively and effectively with municipalities—with, frankly, any level of government—in support of the taxpayer, who ultimately is looking for the benefits of their tax dollars.

We recognize municipalities' limitations, in respect to some municipalities at least, to generate their respective revenues. We had a lot of downloading that was impacting municipalities in the past. We've uploaded tremendously. Our ongoing support has been over \$3.8 billion in 2016 alone. It's increased from \$2.7 billion since 2003.

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In addition to the provincial uploads, that does include the OMPF funding which you've cited, provincial gas tax funding and supports for land ambulance and public health. It also includes funding for a permanent Ontario Community Infrastructure Fund, which has expanded to \$300 million per year in 2018-19 that we provided for on a permanent basis.

We're making significant infrastructure investments to the municipalities. We're partnering with them with appropriate funding arrangements and we're uploading substantially—gosh, more than \$1.8 billion in reduced costs alone in 2016—to benefit the municipalities.

The combined support through OMPF now represents about a \$2.3-billion benefit. It's nearly four times the level of support provided through previous programs in 2004. By uploading, we've ensured municipalities have more property tax dollars to invest in local priorities like roads, transit and economic development.

You noted that the OMPF is the province's main unconditional transfer to municipalities, about \$505 million

in funding in 2016. The OMPF is primarily a northern and rural communities grant, providing about 90% of its funding to northern and rural municipalities, compared to about 70% in 2008. The OMPF has been redesigned in close consultations with municipalities from across the province and it's basically comprised of four core grant components that reflect the following objectives:

(1) support areas with limited property assessment, which is one of the issues that municipalities have noted;

(2) recognize the challenges of the northern and rural municipalities while targeting funding to those with more challenging fiscal circumstances;

(3) assist municipalities as they transition to the redesign of the program as we restructure debt. The net benefit has been to provide for more funding overall.

As I stated, the municipalities are a key partner in delivering the services of citizens to Ontario. By working together, our government and municipalities realize that many more accomplishments can be had, and many have already occurred in recent years. In that partnership with communities, we make significant investments to revitalize infrastructure, to connect with people and grow the economy, which has been occurring.

Yesterday alone we had discussions with MPAC and municipal leaders. We have ongoing discussions with AMO and ROMA, and all of them have asked for predictable funding so that we can move forward on the things that matter. That's exactly where we've headed and what we've done.

Ms. Sophie Kiwala: Excellent. Just with respect to the uploading of some of the costs involved with municipal government, what other kinds of support does your ministry provide to municipalities, and how have the fiscal abilities of municipalities been affected since our government began uploading costs?

Hon. Charles Sousa: It's a good question because we know the gas tax that some municipalities have benefited from, others don't. We provided for that community fund of \$300 million going forward to enable them to also have funding for roads, bridges, infrastructure and transit.

More importantly, we've made a significant commitment in our budget in 2014 to provide for long-term infrastructure funding. We've increased it incrementally year over year, recognizing the great demands and needs that occur.

Right now transit, transportation and other priority infrastructure, through Moving Ontario Forward, supports about \$31.5 billion in dedicated funds, of which \$16 billion is available for the GTHA, the greater Toronto-Hamilton area, and \$15 billion is available outside of the GTHA. As part of Moving Ontario Forward, the Ontario Community Infrastructure Fund is being expanded, as already noted, to \$300 million per year in 2018-19.

We also introduced the new Connecting Links Program. It will provide \$20 million in 2016-17, up from \$15 million announced in the 2015 budget, to help municipalities pay for the construction and repair costs of municipal roads that connect two ends of a provincial

highway, for example, through a community or to a border crossing. Funding for this program will increase to \$30 million per year by 2018-19.

You can appreciate that these are missing links, at times, between municipalities, and who funds what and where. That's why we've introduced this, to recognize that we have to have an interconnection through those municipalities, oftentimes long distances. It's critical that the province step up in enabling that.

Furthermore, we have introduced measures to support communities, like sharing provincial gas tax revenues, as already noted, with the OMPF.

Ms. Sophie Kiwala: All right. Thank you.

The Chair (Ms. Cheri DiNovo): Mr. Baker.

Mr. Yvan Baker: Minister, I wanted to change the channel a little bit, if I could. One of the things that a number of people in my community of Etobicoke Centre have raised is that they sometimes believe, or perceive, that there is a fair amount of activity happening in the underground economy—in other words, that some folks just aren't paying their fair share. I wanted to talk to you about that.

I know that in this last budget, the 2016 budget, you noted that the government has recovered \$930 million since 2013-14 as a result of the efforts of the Ministry of Finance in combatting the underground economy. If my numbers are right, I know that this is approximately a \$330-million increase from projects noted in the previous budget, in 2015.

Could you talk a little bit about what your ministry is doing to reduce the activities in the underground economy?

Hon. Charles Sousa: Yes. It's a great question. I think all of us recognize how important it is that we must address the underground economy, in that it creates an unfair advantage for those illegitimate businesses, people out there who don't report their revenues or their earnings, or participate in activities where they are skirting and taking tax avoidance measures.

Those who fail to report their income tax, or incomes for purposes of tax, or avoid meeting regulatory obligations, be it what it may, also put consumers and workers at risk. Their safety is at risk, especially when you consider WSIB and protection for those workers who aren't being reported or are not being offered appropriate benefits, or, worse, consumers who are buying their services or products, and recognize that they themselves are not appropriately covered.

Since 2013-14, we've made progress in fighting the underground economy by including enhancements to compliance-focused initiatives. As you stated, we've generated over \$930 million to date because of that. That's a \$330-million increase that we reported in the 2015 budget, in fact.

We've consulted with residential and construction industries. Parliamentary assistant Laura Albanese has already released an initial report outlining measures the government can take to address the underground economy activity in this important sector.

Based on the advice in the 2016 budget, we announced that, moving forward, we would take several key steps and initiatives to address the underground economy. Here are some of the things we've done and are doing.

We're extending the residential roofing pilot project for an additional two years. We're developing a public awareness campaign. We're launching specialized audit teams in partnership with the Canada Revenue Agency. We're strengthening our ability to identify and address the underground economy through legislation and through information sharing, enforcement and other tools. We're enabling partnering with natural gas utilities to help homeowners work with certified energy auditors and reputable contractors. As well, the government will continue to work with its partners, including industry and other governments, to address the underground economy activity.

There have been arrangements that I requested of a number of federal ministers in the past—in 2013, 2014 and in 2015—where I finally got agreement that they would start to address some of these things more aggressively.

Ontario has been paying—has actually provided the initial funding to bring some of these projects and work by the CRA up to speed. As a result, we have collected, in one year alone, almost \$800 million through some of this work.

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Going forward, though, there's still the need—in Quebec, for example, they have zappers—for a way to provide integrity of the cash register with the sales that are being done, so as to enable the revenue agency to obtain on-time, real-time input of that sale and the collection of sales tax, for example. So we're asking the CRA to participate with us in enabling that because, as you can appreciate, during Ontario's merger with the federal government and the collection of HST, they took on the role of collecting much of the revenues. Now we need to work with them to enable that program to be in place.

Another example, as well, is some of the additional work that we're doing with First Nations, working with them to look at some of the activity that occurs outside of the First Nations in regard to some illegal activity that happens at corner stores. We know that some of it is by way of organized crime. So enforcement is another big part of it. We've actually added an OPP detail and more work to curb some of that activity. We know that there is a substantive amount of tobacco, for example, which is not being captured properly.

Those are just some of the steps that we've taken to date, and we know we can do more. We'll continue working with the residential construction area, the real estate and rental companies, retail trade, accommodation and food services, all of whom know that there is a need to be vigilant on this.

Protecting consumers is a priority, while ensuring that workers get protection as well—and tax fairness especially.

Mr. Yvan Baker: Yes. Thank you very much. Certainly, that point you raised at the end about tax fairness is important. The constituents who have raised it with me have raised it in that context.

Chair, how much time do I have left?

The Chair (Ms. Cheri DiNovo): About a minute and a half.

Mr. Yvan Baker: A minute and a half. I'm going to try to ask you this question, Minister—and again, I'm changing the channel. I know we don't have much time, but hopefully you can offer a quick response.

On page 83, it describes a transfer of \$93 million for the Horse Racing Partnership Funding Program. Can you explain why this program is now being run out of your ministry?

Hon. Charles Sousa: It's essential, and we recognize how important the horse racing industry is to the province of Ontario and to many breeders, who need some degree of predictability in enabling them to establish breeds. It takes almost five to seven years to bring a foal into a racetrack, for example.

Given the changes that have been made to provide for greater accountability, what we want is for more of that funding to go to the breeders. We now are working very closely—we have taken the horse racing and the whole industry from agriculture and food, that ministry, to the Ministry of Finance, under Ontario Lottery and Gaming—who are now amalgamated—recognizing the importance of horse racing in the mix and ensuring that they have predictable funding and sustainable funding over that period of time. Part of that was the \$93 million that went over to OLG to support the horse racing industry.

Mr. Yvan Baker: Okay. Thank you, Minister.

The Chair (Ms. Cheri DiNovo): We have just under 34 minutes left in the consideration of the estimates of the Ministry of Finance. We're going to now move to 11-minute rotations for each party.

The official opposition: Mrs. Munro.

Mrs. Julia Munro: Thank you for being here today.

Hon. Charles Sousa: Thank you.

Mrs. Julia Munro: From Bill 56, the ORPP mandate talks about this: "The administrative entity shall be responsible for investing the collected contributions for the benefit of the members and other beneficiaries of the Ontario Retirement Pension Plan."

Who are they, these other beneficiaries?

Hon. Mitzie Hunter: The ORPP Administration Corp. is set up as an arm's-length entity that will hold the funds in trust for the benefit of the members of the plan. Their responsibilities will include contributions collections, the administration of the benefits and also the investment of the funds—

Mrs. Julia Munro: But it's a specific group here. We know who the members are, and for whom you provide the description. But who are the other beneficiaries? That's really the question.

Hon. Mitzie Hunter: We've just tabled Bill 186, which has the key design details of the ORPP outlined in

the legislation. There are two types of benefits that are included in that. There is a survivor benefit and there is also a retirement benefit. We've also included in that that single people can designate a beneficiary as part of their estate, as well.

We're setting out language that just makes clear that the beneficiaries of the ORPP are really the members of the plan and they can choose to designate a beneficiary, as well, as part of their estate.

Mrs. Julia Munro: In other words, the government of Ontario is a beneficiary?

Hon. Mitzie Hunter: Let me be very, very clear because this is also included in our legislation. It was included in our framework legislation, the ORPP Act, 2015 as well as in the current legislation in Bill 186. It makes it very clear that the funds are held in trust for the members of the plan and that it will not form part of consolidated revenues.

Mrs. Julia Munro: Just last week, you changed the regulations so that public pension plans can now own more than 30% of an infrastructure asset. Minister, are you quietly telling the ORPP corporation to invest in infrastructure projects?

Hon. Charles Sousa: Some of that was introduced in 2013, in respect to the request made by Canadian pension companies who, unfortunately, were investing in Chile, in the UK, in Australia and in creating the Chunnel from London to Paris instead of being able to contribute and invest in infrastructure projects and opportunities here at home. That was one of the requests that many of them sought because, frankly, they see these opportunities as being just as valuable if not more so than those in other parts of the world.

It's as a result of requests made by other pension companies like OMERS, teachers', HOOPP, even CPP—they are one of the major investors in a number of projects all around the world and they would also like to invest in Ontario.

Hon. Mitzie Hunter: Can I also just add to that, as well, that we've also been very clear that the ORPP AC, as an arm's-length entity, will be responsible for the investment strategy for the funds and that government will not direct those activities. It will be the responsibility of the administrative corporation.

Mr. Scott Thompson: That was one of the two clarifications I wanted to make, so that's great. The other clarification I wanted to make was that the regulation hasn't yet been changed on the 30% rule. We have posted that for comment.

Mrs. Julia Munro: Thank you. What's the annual operating cost for the ORPP?

Hon. Mitzie Hunter: Well, we are still in the start-up phases for the ORPP Administration Corp. We have established an initial board of directors chaired by Susan Wolburgh Jenah. That initial board has appointed a CEO. They're just, at this point, doing all of the start-up required.

What we've been clear about, though, is that this entity will be efficiently managed and will adopt those

best practices in pension management that are very similar to the very well-managed public plans that we have here in Ontario, like teachers' and HOOPP that are quite well known for their governance and for how they run their organizations.

Mrs. Julia Munro: But you haven't given us a cost, and you must have decided on a cost when you've already hired people.

Hon. Mitzie Hunter: What we have done is, we've ensured that there are standards that they will meet and we will ensure that that is efficiently managed.

Hon. Charles Sousa: We have provided some semblance of what that would be. I've asked Mahmood to help us out on that one.

Mr. Mahmood Nanji: Sure. Thanks, Minister. A couple of elements to your questions there. As the minister previously indicated, what the ORPP is going to do with respect to admin costs is benchmark against the large pension plans. Typically, those pension plans are at about \$130 to \$210 per member. The ORPP is going to be in that range—per year, that is.

The other thing to keep in mind, and it's in your estimates as well, is that the ORPP is going to require some start-up funds to get the plan going. You'll notice in there that, in fact, the implementation secretariat, which really did all of the policy work—the costs associated with doing the policy work and the support around that was the \$20 million that you'll see in your estimates.

There is a loan that has been provided by the government to the corporation for the purposes of start-up. That's a repayable loan. It's really done on a draw-down schedule, so depending on what its needs are, it will draw down on that loan and then it will be repaid from the contributions made there.

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Mrs. Julia Munro: If I understand correctly, there are going to be about four million people in the pension scheme when it starts. Is that correct?

Hon. Mitzie Hunter: So the—

Mrs. Julia Munro: Just yes or no. Four million: Is that the figure you're working with?

Hon. Mitzie Hunter: The estimate is that four million workers in Ontario will eventually be enrolled. We will be enrolling in a staged approach. We're starting with the largest corporations first, as well as medium-sized, and then small businesses in 2019. Anyone who has a plan that is not comparable will be enrolled in 2020.

By 2020, our goal is that all workers will either be part of the ORPP or a comparable workplace plan. We believe it's about 450,000 companies that would be enrolled and about four million Ontario workers, with contributions annually of about \$6 billion.

Mrs. Julia Munro: So the Toronto Sun was pretty close with the \$135 to \$200 per person per year to administer. You're talking about \$130. Was that the number you mentioned?

Mr. Mahmood Nanji: Yes. The benchmarking numbers that are public are that average cost ranges, depending on a pension plan, between \$130 to \$210 per

member per year. That covers two parts. The \$130 to \$200 is essentially just the administration cost. Most of these plans, like CPPIB, also have an investment cost, but that's net of the investment returns that they typically get.

Mrs. Julia Munro: Thank you. While we're talking about operating costs, the estimates have a line item for ORPP salaries at \$860,000 next year. The CEO makes \$525,000, so I wonder if you could tell us what the true salary number is for ORPP employees. Can you provide that to the committee?

Hon. Mitzie Hunter: Do you want to?

Mr. Mahmood Nanji: Sure. The number that you see in the estimates of \$860,000 for 2016-17 is for the ORPP Implementation Secretariat within the Ministry of Finance. That's for the staff that's actually supporting the ministry with respect to the development of policy, regulations and putting the plan together.

What you're referring to is the cost and salaries of the corporation. That's not reflected in here. As the government has indicated several times, it will follow best practices. When the ORPP Administration Corp. releases its annual report, it will report on its top five salaries, of which one would be the CEO's salary, and any bonuses received.

Hon. Mitzie Hunter: The board of the ORPP Administration Corp. would be responsible for that structure within the corporation in terms of salaries and, also, following the transparency and accountability mechanisms by disclosing those top five salaries on an annual basis when they issue an annual report.

The Chair (Ms. Cheri DiNovo): Ms. Munro, you have about 30 seconds to wrap up.

Mrs. Julia Munro: CPP is guaranteed no matter what. Is ORPP?

Hon. Mitzie Hunter: Section 23 of the act, Bill 186, should it pass, will entitle plan members to a pension for life. It's stated as part of the act.

The Chair (Ms. Cheri DiNovo): And I'm afraid that your time is up at this point. We now move to the third party: Ms. French.

Ms. Jennifer K. French: Okay. I have a whole bunch of questions, so I'll move through them quickly.

Will the ORPP AC be responsible for ensuring that comparable workplace pension plans don't fall below the acceptable standards? How will the ORPP AC know whether a company has cut its contribution rates? Is the onus on the company to report that information? It wouldn't seem that they would be incentivized to do so.

Hon. Mitzie Hunter: The ORPP AC will be responsible for a verification process, and in fact—

Ms. Jennifer K. French: Is that initially?

Hon. Mitzie Hunter: That will be part of their responsibility. That's going to begin as of 2016, so there will be education and outreach to employers. They're setting up a portal for employers to interact with the corporation and to verify their information.

Ms. Jennifer K. French: Is that an ongoing verification process or program?

Hon. Mitzie Hunter: Mahmood, you can speak to this.

Mr. Mahmood Nanji: Sure. What happens at the very outset is, when a company indicates that it has got a pension plan, the verification process will need an attestation from an actuary, first of all, to say that, indeed, those are the contribution rates. Then, on an ongoing basis, there will be an audit process, and any time that they change their contribution rate, it would amount to a plan text change, which will require them to file that with the Financial Services Commission of Ontario. But there will be an ongoing audit process as well.

Ms. Jennifer K. French: Okay. In the recently introduced act, Bill 186—

Hon. Mitzie Hunter: Bill 186.

Ms. Jennifer K. French: I said 156 earlier, didn't I?

Hon. Mitzie Hunter: And you said Bill 56.

Ms. Jennifer K. French: Okay. I know what we're talking about. It says that the definitions of large, medium and small employers are going to be set out in the regulations. Previous announcements had indicated that a large employer would be 500 employees or more, a medium would be 50 to 499 employees, and a small would be 50 or fewer. If that announcement was made, why is the government now leaving those definitions to regulations? And is there an intent to leave some companies out?

Hon. Mitzie Hunter: I just want to say there is no intent to leave companies out. What we are doing is ensuring that the regulations have specificity for those employers.

If we can talk about that definition, Mahmood?

Mr. Mahmood Nanji: Where those numbers, where those definitions originally emanated from were the Stats Canada definitions for "large," "medium" and "small." As we talk to various employers, we are examining the transition support that they will need. We want to make sure that we get the benefit of that advice before we finalize those numbers. But those numbers, with respect to the definitions of "small," "medium" and "large," will be confirmed with the regulations. We want to make sure that we do capture any—

Ms. Jennifer K. French: Are they going to be similar to what we see here? As you said, these numbers that have been previously announced were based on StatsCan numbers. Are we going to see a significant deviation, or are we seeing fine-tuning?

Mr. Mahmood Nanji: I think it's more fine-tuning than anything else. What we're doing is we're just collecting some evidence from the employers about their ability to transition. But in those first two categories of large—

Ms. Jennifer K. French: So it will be the employers who determine the classifications?

Mr. Mahmood Nanji: Well, not the employers. That's not what I'm trying to say. What I'm trying to tell you is that I think we have to be sensitive here. We've got one group of employers, which are the large employers, that

have very large, sophisticated systems. Those will have an easier time of actually transitioning.

The next group is a very large cohort of 11,000 employers that go from 51 employees to 499. They have a range of different things. People actually use database systems as opposed to rather sophisticated payroll systems. We just want to be sensitive to the transition period there.

I think the government's desire is to stick with the original definitions identified, but we wanted to be sensitive to any transition circumstances faced by the community of employers.

Ms. Jennifer K. French: Okay. I have another question about the transition. Similarly, the bill states that during the transition, the contribution rate for different years, as you're phasing it in, will be lower than the 1.9%. These rates are going to be set out in regulations.

The previous announcements had specified the rate would begin at 0.8%, then increase to 1.6% and finally hit the 1.9% in 2019 at the earliest, and 2020 at the latest.

Again, a similar question: Why would you announce it if that's not what you're using? Are you sticking to those announced rates? Are you planning to lower the phase-in contribution rates? Are we watering it down? What's the thinking?

Hon. Mitzie Hunter: The phasing and the staging: We are committed to those through our consultation process and discussions with business—

Ms. Jennifer K. French: The same numbers, though?

Hon. Mitzie Hunter: We are going to be phasing it in, so it's 0.8% and it will move to 1.6% and then fully in at 1.9%.

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I do also want to say that we have set up a business advisory implementation group. It's important, as we get into the implementation stages, that we're talking to real employers with real payroll systems and with real questions about the ORPP, and that we have a two-way conversation about that. That's what our intention is. We also know that in terms of employers asking us for clarity and time to plan, the phasing was a very important part of that. The gradual onboarding of the ORPP is very important to employers, so we are sticking to the phasing-in schedule.

Ms. Jennifer K. French: Okay. So then why didn't we see that in this bill, if the numbers are staying the same?

Hon. Mitzie Hunter: Well, in terms of the legislation, we wanted to ensure that we had the key and the core aspects of the plan design so that we can have the plan text, which needs to be registered with the federal government through the Income Tax Act. There were certain requirements where we had to do that.

We also have always said that there are certain aspects that will be specified in the regulations. It also gives us an opportunity to gather further input on those, should we need to at a future date.

We're doing things as quickly as possible to meet our implementation timeline. We're very committed to the

Jan 1 enrolment and then the January 2018 contributions collection.

Ms. Jennifer K. French: Okay. Thank you.

Madam Chair, how much time do I have?

The Chair (Ms. Cheri DiNovo): About four minutes.

Ms. Jennifer K. French: Okay. Let's motor through.

The legislation also now shows that the calculation of pension benefits is based on \$90,000 in 2017 dollars. Previous announcements had said that it would be \$90,000 in 2014 dollars. Had we stayed with the original announcement and the original amount, that maximum pensionable earnings would have been nearly \$93,000 in 2017. Obviously, the greater the amount of money used in the calculation of pension benefits, the greater the future payouts. It seems like we're reducing the benefit and we're not even out of the gate. Why has the contribution ceiling to the ORPP been scaled back?

Hon. Mitzie Hunter: We're introducing a large, complex plan, the first of its kind, to provide retirement security for the people of Ontario. There are many aspects to this plan. It's registering four million workers at over 450,000 companies with \$6 billion in annual contributions. We want to ensure that we give that clarity and that time to plan as we phase in. We're also doing this plan for the long term. A pension is about people's deferred benefits for the future.

Ms. Jennifer K. French: Right. But if we're already scaling back and reducing the benefits for the future now—we have a different option.

Hon. Mitzie Hunter: We wanted to ensure that our stated key design features that we had set early on would not confuse employers or employees in terms of the year's basic earnings at \$3,500 and the maximum at \$90,000. That's where we're starting. From there, it will be—

Ms. Jennifer K. French: But we're starting at \$90,000. We haven't changed the number \$90,000, but we're changing the future benefit, because now we're playing games with the 2017 dollars and the 2014 dollars. We're shaving future benefit—the deferred benefit—right off the top, and we haven't even started.

Hon. Mitzie Hunter: We wanted to just ensure that we had clarity for employers and employees, as they're planning for the implementation and for the rollout of the ORPP. We felt that was something that we wanted to stick to, the \$90,000.

Ms. Jennifer K. French: The \$90,000 hasn't changed. I'm not arguing \$90,000; it's the 2017 or 2014 dollars. What was the thought process there? That nobody would really notice because it's still 90? What is the—

Hon. Charles Sousa: I just want to reinforce that probably well over two thirds or three quarters of the population won't be making \$90,000. What's important here is to provide some certainty to the employers when we introduce this that this is what we're working with. Ultimately, the beneficiaries will benefit entirely from what they put in to the time they retire.

We're talking about almost doubling CPP. I mean, there's a substantive amount of benefit that doesn't exist

today. That's really our concern. The timing of the \$90,000—we chose to institute 2017 when we introduce the benefit and the plan.

Ms. Jennifer K. French: The original announcement was the 2014 dollars and now it's 2017 dollars.

The Chair (Ms. Cheri DiNovo): Ms. French, you have about 30 seconds left.

Ms. Jennifer K. French: I'm excited to hear the answer.

Hon. Charles Sousa: That was the decision that was made.

Mr. Mahmood Nanji: I think it's important to clarify one point here. There's actually no loss of benefit to the plan member because, remember, they actually are paying the contribution on that number. So in fact, if it's not \$90,000 and it's \$93,000, they would have paid on the \$93,000 to earn the benefit of \$93,000. When you actually calculate that over 40 years, the actual benefit reduction isn't significant at all. It's not material because, remember, they didn't pay for that benefit, so they never earned that benefit.

Hon. Mitzi Hunter: Yes. Our focus is on implementation—

The Chair (Ms. Cheri DiNovo): I'm afraid your time is up at this point. We move to the government side. Ms. Vernile.

Ms. Daiene Vernile: Good afternoon, Minister, and thank you very much for appearing before this committee. I'd like to ask you a few questions, if I could, concerning the deficit and the debt.

Minister, you are well aware of the fact that the opposition—both parties—have been very critical of our government's fiscal plan. There has been the suggestion that perhaps you might not be able to balance the budget by 2017-18, which has been your stated target. Can you respond to those accusations and give us some insights on how your government is going to achieve its fiscal targets?

Hon. Charles Sousa: We've proven, seven years in a row now, our ability to not only meet our targets, but exceed them as a result of managing our expenses, improving and growing our economy through the stimulus that we've provided through the building of infrastructure—our four pillars of the plan have created some of that stimulus—and preparing our talent, our teams, to attract even further investment. Managing line by line and responsibly managing our spending has been critical. Transforming and modernizing some of the work that we do in government has been critical as well, so that we can provide better value for money in the things that we do.

We talked a little bit earlier today about the underground economy and tax compliance. That, too, is critical for us to provide for tax fairness and ensure that we receive the appropriate share of revenue. Ultimately, investing very strategically in those things that grow the economy, that have greater pick up and greater sustainability over time, and that makes us competitive.

As we do that, as we foster some of those investments, we also attract investment. By attracting investment,

we're leveraging some of the very things that we say we can do to provide and compete in the marketplace. As a result, we have attracted billions more in foreign direct investment to the province that otherwise wouldn't have occurred, and we've retained the number one position in that over the last two years.

The associate minister has talked at length in this committee about the ORPP and protecting retirement security. That is also an attraction to many people—to foster safety, to foster security, not only around universal health care, not only around public education, but a mandatory retirement savings program that enables everybody to be at their best when they retire. That provides some degree of comfort as well.

As we transform some of the health care, as we go towards establishing a fairer society because of some of these initiatives, we've provided an architectural design of the budget plan that's remained consistent since I had the privilege of introducing it in 2013. As we maintain that architecture, as we continue to build for prosperity by making these investments to grow the economy and create jobs—over 630,000-plus net new jobs have been created since that time, since the depths of the recession—we're making, ultimately, a stronger Ontario.

And we measure it. That's critical. Talk about being accountable and transparent; you have to measure what it is that we're doing and where we're going. It is why we have with us the president of the Ontario Financing Authority. That recognizes the importance of ensuring that we attract our issues—our bond issues, for example—to ensure that rating agencies recognize the strength of the Ontario economy, and they have. We've maintained many of our initiatives going forward in a stable way. That's why many investors are choosing Ontario. That's why many people are moving to and wanting to move to Canada, and to Ontario specifically.

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Our net debt-to-GDP ratio is a primary measure there, and as we measure the net debt-to-GDP ratio—it's now peaking at 39%, below what we anticipated to be around 42%, and now paring down—it is a critical number.

Our accumulated deficit-to-GDP is also important, and it illustrates that Ontario has managed its spending on its operating costs very effectively, as it did back in 2001. That number is around 27%, which is an effective number as well.

Another important number to note is our interest on debt relative to revenue, relative to our overall budget. It is lower today than it has ever been in the last 25 years, during the two previous governments—or three, I guess, if you consider the different Premiers who have been engaged. It's now about 8.9% of our total revenue—our interest on debt. That is a function, of course, of the cost of interest going down, the relative interest rates. But the team here has done a tremendous job of locking in maturities over a longer period of time, minimizing the volatility of that rate risk and saving, this year alone, well over \$200 million—in this budget cycle, as well.

Those are some of the steps that I've taken. Our path to balance has proven to be effective. Our diversified

economy and the things that we have invested in have enabled us to weather shocks in the system—around commodity pricing, for example. It has affected other parts of Canada, obviously, but less so in Ontario because we've relied on broadening our scope beyond just primary industry but also in value-added manufacturing, in agri-food processing and in financial services, of which Ontario is the lead—and, frankly, around the world. It too attracts a lot of opportunity. The mining sector uses Toronto; the TSE is the largest in the world for enabling initiatives and enabling support for the sector.

All of that has been in keeping with our ability to maintain and grow our manufacturing base, our traditional base, while also moving into a new economy, the new-age economy, and being competitive in other parts of the sector. That attracts business. It attracts talent.

I guess that other major part is around skills and training, which is an ultimate priority for businesses that want to invest in the province, just to ensure that they have the right people to do the job. Our dedication to primary and early-years education, preparing our students to move through the system, be it right through primary and high school—we have higher graduation rates in Ontario, relative to the rest of the world, and we still want to do more.

We want to attain post-secondary education ability for those students as well, many of whom haven't sought post-secondary because they felt it was beyond their reach. That's why we introduced free tuition for those making less than \$50,000 and for some half of those making under \$83,000, as families, to enable those students to be fostered and reach university or college or seek skills in the post-secondary area. These things are essential, for us to be competitive.

Ms. Daiene Vernile: I want to add, too, that you have borrowed \$25 billion less than originally forecasted, and this is tied to smart spending. Tell us what your plan is to continue to—

Interjection.

Ms. Daiene Vernile: —reduce the debt. Sorry about that very rude interruption. The question for you is, what are you doing to continue to reduce our debt?

Hon. Charles Sousa: We're doing quite a bit. But I wouldn't mind calling up the president of the Ontario Financing Authority, Gadi Mayman, who is actually the one who has been doing the borrowing and who can elaborate even further on some of the benefits of the work that has been done with other investors as well.

The Chair (Ms. Cheri DiNovo): If you could introduce yourself. You have about two and a half minutes left.

Mr. Gadi Mayman: Thank you. My name is Gadi Mayman. I'm the CEO of the Ontario Financing Authority. Thank you, Minister.

Hon. Charles Sousa: Just tell them you're president.

Mr. Gadi Mayman: You can promote me. That's fine. I'll accept that.

Hon. Charles Sousa: Sure.

Mr. Gadi Mayman: The minister has gone through a lot of the numbers that we focus on: the debt-to-GDP ratio, the interest on debt-to-revenue ratio. Those are important numbers.

I think one of the other important points is, to answer your question, from the budget, we talked about looking back to the 2010 budget and where we saw interest on debt going, where we forecast interest on debt going through the years and where it actually ended up. In fact, our interim numbers for fiscal 2015-16 show interest on debt at over \$4 billion less than what it was forecast to be, for the year that just ended, when we put out the 2010 budget.

That has been a combination of a number of factors. The two most important are the fact that deficits have been lower than what were forecast for that period, so the amount of borrowing was lower, and also, interest rates have been considerably lower than what were forecast at that time.

One of the concerns that is often brought up is, with the increase in debt and the recovery from the recession, what will happen when interest rates begin to rise? At some point, they will. Nobody is forecasting that they're going to come up suddenly or in a hurry, but we need to protect ourselves against that.

What we've done is we've really extended the term of our debt. When we go out and borrow, we can borrow in a variety of terms. We try to borrow as much as we can in the 10- and 30-year terms. In other words, we have the same sort of choice as people do when they have their mortgage. You can have a floating-rate mortgage, where interests are lower, but if interest rates rise, you're exposed to having a higher cost in the future, or you can go further out and you can borrow for longer terms and lock in those rates for longer terms.

That's what we've chosen to do. We've chosen to lock in these rates for longer periods of time. The majority of our borrowing now takes place in the 10- and 30-year term. Since the 2010 budget, we've borrowed over \$54-billion worth of 30-year money. Those rates are locked in for 30 years. What that means is that, if and when interest rates begin to rise, we'll still be protected from higher interest rates on that debt. That protects us and protects the fiscal plan.

Ms. Daiene Vernile: Thank you very much.

Mr. Gadi Mayman: You're welcome.

Hon. Charles Sousa: We also have great liquidity because the CEO has also managed to have a safety net, if and when we need it—

The Chair (Ms. Cheri DiNovo): I'm afraid, Minister, that your time is up. If you just want to finish your sentence, we'll conclude.

Hon. Charles Sousa: Yes—and the market has behaved well because our liquid bonds actually trade well in the marketplace.

Ms. Daiene Vernile: And because of the great investments you've made over the years. Thank you.

The Chair (Ms. Cheri DiNovo): Thank you, everyone.

This concludes the committee's consideration of the estimates for the Ministry of Finance. Standing order 66(b) requires that the Chair put, without further amendment or debate, every question necessary to dispose of the estimates. Are the members ready to vote?

Shall vote 1201, ministry administration program, carry? It's carried.

Shall vote 1202, agencies, income security and pensions policy program, carry? Carried.

Shall vote 1203, economic, fiscal and financial policy program, carry? Carried.

Shall vote 1204, financial services industry regulation program, carry? Carried.

Shall vote 1208, Investing in Ontario Program, carry? Carried.

Shall vote 1209, tax and benefits administration program, carry? Carried.

Shall vote 1210, Ontario Retirement Pension Plan program, carry? Carried.

Shall the 2016-17 estimates of the Ministry of Finance carry? Carried.

Shall I report the 2016-17 estimates of the Ministry of Finance to the House? Carried.

Thank you all. This concludes our sitting time. We will adjourn until May 3. Thank you.

The committee adjourned at 1658.

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